

**CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT**  
**Docket No. 3818**  
**Response to**  
**Division of Public Utilities & Carriers' Data Requests**  
**Set 1**

**Div. 1-1:** Please provide/identify the amount spent on each of the following items in FY 2003, FY 2004 and FY 2005:

**Response:** Please note the amounts, below:

Ques.1-	Account Name	Acct #	2003	2004	2005
A	Injury Pay	056	3,066.21	2,446.53	-
B	Legal Advertisements	207	1,048.16	116.55	455.00
C	Conferences & Training	212	3,178.35	7,969.71	9,713.56
D	Tuition Reimbursement	214	415.00	-	-
E	Reservoir Maint-Island (-02212	277	14,485.31	4,394.28	18,804.90
	Reservoir Maint-Mainland (02213)	277	3,383.00	96.21	-
F	Mileage Reimbursement	268	1,752.32	1,041.93	146.37
G	Mains Maintenance	295	40,394.05	54,499.76	188,313.51
H	Service Maintenance	296	15,201.45	19,966.76	10,396.45
I	Meter Maintenance	299	18,234.39	911.37	-
J	Uniforms & Protective Gear	320	-	3,627.92	3,545.07
K	Office Supplies	361	7,922.95	15,396.23	19,242.46
L	Customer Service Supplies	380	-	1,949.00	696.95
M	Unemployment Claims	563	-	-	-
N	Self Insurance	561	12,500.00	-	-

**CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT**

**Docket No. 3818**

**Response to**

**Division of Public Utilities & Carriers' Data Requests**

**Set 1**

O	Allowance for Doubtful Accounts	999	-	-	-
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Prepared by: Helen de St. Jorre

**CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT**

**Docket No. 3818**

**Response to**

**Division of Public Utilities & Carriers' Data Requests**

**Set 1**

**Div. 1-2:** Please itemize the amount incurred for meter maintenance (line item 299) in each month of 2006 and 2007:

**Response:** The amounts, below, were incurred for meter maintenance for each month of 2006 and 2007:

FY 2006

July 2005	-
Aug 2005	-
Sept 2005	-
Oct 2005	-
Nov 2005	-
Dec 2005	-
Jan 2006	-
Feb 2006	2,313.00
March	-
April	-
May	-
June	-

FY 2007

July 2006	-
Aug 2006	-
Sept 2006	-
Oct 2006	398.90
Nov 2006	198.00
Dec 2006	-
Jan 2006	5,549.88
Feb 2006	-

Prepared by: Helen de St. Jorre

**CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT**

**Docket No. 3818**

**Response to**

**Division of Public Utilities & Carriers' Data Requests**

**Set 1**

**Div. 1-3:** Please provide a copy of the audit report referred to on page 16 of Ms. Forgue's testimony at lines 18-20.

**Response:** Please see the attached Comprehensive Annual Financial Report of the City of Newport, Rhode Island for the year ended June 30, 2006.

Prepared by: Helen de St. Jorre

**CITY OF NEWPORT, RHODE ISLAND****NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006****I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Newport, Rhode Island (the City) have been prepared in conformity with accounting principles generally accepted in the United States as applicable to governmental entities. In certain circumstances, summaries of the City's significant accounting policies have been presented throughout the notes to the basic financial statements in conjunction with other disclosures to which they relate.

**A. Reporting Entity**

The City was founded in 1639, incorporated under the laws of the State of Rhode Island in 1784 and re-chartered in 1853. The City is governed by a home rule charter which provides for a Council/City Manager form of government. Legislative authority is vested in a seven-member City Council, of which four are elected at large and three from voting wards. The Mayor is chosen by council members from among its four at-large members. A seven-member School committee, all elected at large, is vested with autonomous legislative authority over the public school system. Members of both the City Council and School Committee are elected to non-partisan biennial terms.

The City Manager is appointed by the Council and serves as the chief executive officer over all municipal services excepting those performed by the Solicitor, Canvassing Authority, and municipal judges, each of whom is appointed by and reports directly to the Council. Municipal services include public safety; potable water and wastewater collection, treatment and distribution; solid waste collection and disposal; street and sidewalk maintenance and operations which support economic and residential development, open space preservation and State law and City code enforcement.

The Superintendent of Schools, appointed by the School Committee, is the chief executive officer for the school system. The school system provides elementary and primary education to City residents and vocational programs to other Newport County residents.

The accompanying financial statements present the government and its component units. In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting structure, the City applied the criteria prescribed by Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units." A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or for which the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

**Discretely Presented Component Units****Newport Public Library**

Incorporated under Rhode Island law in 1869, the Newport Public Library (the Library) provides free educational and reference resources to residents of the City as well as other patrons. The Library is governed by a Board of Trustees, which must be composed of at least nine and no more than fifteen members, one of whom is a member of the City Council. Operations of the Library are primarily financed through an appropriation from the City's General Fund. Complete financial statements for the Library may be obtained from its business office on 300 Spring Street, Newport, RI 02840.

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Reporting Entity (Continued)**

**Discretely Presented Component Units (Continued)**

**Redevelopment Agency of Newport**

The Redevelopment Agency (the Agency) was created and organized as a legally separate public body under the Rhode Island Community Redevelopment Act of 1949 pursuant to the Housing Act of 1949, which charged it with fostering public and private rehabilitation and redevelopment projects in blighted areas within the City. The Agency is governed by its five members who are appointed by the City Council. Officers are elected from among these members. Furthermore, the City exerts significant control over its functions since the Agency is empowered to act in areas only after appropriate designation by the Council. Separate financial statements for the Agency are not issued.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major enterprise funds are reported in separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Agency Funds have no measurement focus but are accounted for using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *School Unrestricted Fund*, a special revenue fund, is the school's primary operating fund. This is a special revenue fund because the revenue sources are legally restricted to educational expenditures. It accounts for all financial resources of the school, other than those specifically restricted by the provider for certain uses.

The *Community Development Block Grant Fund* (CDBG fund) is a special revenue fund, whereby the City receives federal funding to promote specific types of community and economic development. Funds can only be spent in accordance with a legally binding grant agreement.

The *Capital Projects Fund* accounts for the acquisition of fixed assets or construction of major capital projects other than those financed by proprietary funds.

The City reports the following major proprietary funds:

The *Water Fund* records the costs of collection and treatment of raw water and the distribution of potable water for user consumption and fire protection. The City's water system directly serves retail users throughout Newport and in parts of two neighboring towns. The water fund also provides water to the United States Naval Base and customers of a neighboring water and fire district through wholesale contracts. Costs of servicing the users are recovered through both fixed and commodity charges under tariffs regulated by the Rhode Island Public Utilities Commission.

The *Water Pollution Control Fund* records the costs of collection and treatment of wastewater, the extraction and treatment of sludge and the discharge of treated effluent. These costs are recovered from the retail customers through rates assessed on their metered water charges and from contractual agreements with the United States Naval Base and a neighboring town.

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Additionally, the City reports the following fund types:

*Special Revenue Funds* account for revenue sources that are legally restricted to expenditures for specific purposes.

The *Debt Service Fund* accounts for resources accumulated and payments made for principal and interest on a qualified zone (QZAB) bond, the proceeds of which were used to help finance the construction and renovation of Thompson Middle School.

The *Internal Service Fund*, a proprietary type fund, is used to account for fleet management services provided to other departments of the government on a cost reimbursement basis.

The *Enterprise Funds* are used to account for those operations that are financed and operated in a manner similar to private business, primarily through user charges.

The *Private-Purpose Trust Fund* is used to account for resources legally held in trust for use by outside individuals, trusts or organizations to provide awards and scholarships in accordance with a donor's specific instructions or criteria.

The *Permanent Funds* are used to account for resources legally held in trust for specific functions, normally provided by governments. In most cases, only the earnings on the principal can be spent.

The *Pension Trust Fund* accounts for the activities of the Police Retirement Fund and the Fire Retirement Fund, which accumulate resources for pension benefits to qualified police and fire employees.

The *OPEB Trust Fund* accumulates resources for future retiree health benefits and retiree life insurance benefits for eligible teachers and police retirees.

The *Agency Funds* are custodial in nature and do not present results of operations or have a measurement focus. Agency funds include student activity funds and two community groups that exist for purposes normally provided by the City.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include fees for services provided by one fund to another fund, annual lease payments for vehicles paid to the capital projects fund, and other charges between the City's water and water pollution control (sewer) function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.



CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund, the water pollution control fund, the parking fund, the beach fund, and the City's internal service fund are charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Net Assets or Equity**

**1. Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City's deposits are subject to certain State and municipal restrictions. Under Rhode Island general laws, depository institutions must insure deposits of the City or pledge eligible collateral equal to 100% of deposits maturing in greater than 60 days. Any institution not meeting certain federally prescribed minimum capital standards must insure deposits or provide collateral regardless of maturities. The City Council has further enacted restrictions which essentially limit short-term investments to U.S. Treasuries or debt instruments issued by agencies of the U.S. Government or certificates of deposit less than or equal to the amount covered by FDIC or FSLIC. Maturities of these instruments are required to be matched to any underlying liabilities.

**Investments**

Investments of the City, as well as its component units, are reported at fair value. The City accounts for the carrying value of investments by utilizing the specific identification method. Fair value is determined by the last reported bid price on the last business day of the year. The City participates in a cooperative investment pool that operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

The City Council restricts both the type and maturity of instruments in which City assets, other than those of fiduciary funds and deferred compensation plans, may be invested. Acceptable investments include certificates of deposit, debt instruments issued by the U.S. Treasury and agencies of the Federal government, or high grade municipal securities. Maturities must be matched to meet the underlying obligations for which invested proceeds were collected. The authority for investing fiduciary assets is vested with a commission appointed by and accountable to the City Council.

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**2. Receivables and Payables**

**a. Interfunds**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**b. Property Taxes and Other Receivables**

All property tax receivables, user fees receivables and notes receivable are shown net of an allowance for uncollectibles. The property tax receivable allowance at June 30, 2006, is equal to 64% of outstanding property taxes. Other allowances vary depending on the nature of the receivable and the history of collections.

Taxes are levied each July 1 on (a) the full and fair value of real and tangible personal property owned within the City the previous December 31; and (b) the value, as determined by the Rhode Island Vehicle Valuation Commission, of vehicles registered within the City the previous calendar year, prorated for the actual number of days so registered. Taxes are levied for the year commencing on that date, payable in equal quarterly installments on the fifth days of August, November, February and May. Taxes are considered overdue on the 6<sup>th</sup> day of each quarter and are assessed penalties and will be collected through the sale of tax titles if required. The City has a tax lien on the property as a matter of law on the date the roll is certified, which is December 31 of the previous year.

Rhode Island general laws restrict the City's ability to increase either its total tax levy or its tax rates by more than 5.5% over those of the preceding year.

**3. Inventories and Prepaid Items**

All inventories are valued at cost using the first-in, first-out (FIFO) method of valuation.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**4. Restricted Assets**

Certain proceeds of the water pollution control fund's revenue bonds are classified as restricted assets on the statement of net assets because they are maintained in separate escrow accounts maintained by trustees in accordance with the bond covenants. These include a debt service reserve and capitalized interest.

The water fund has classified cash on the balance sheet as restricted since, by order of the Rhode Island Public Utilities Commission, it may only be used for debt service, capital, electricity, certain specified retiree/new hire benefits, repayment of a loan to the general fund or chemical expenditures.

Endowment funds held by the city for various purposes are restricted to expenditure of the investment income only for the purposes designated by the various donors.

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**5. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as machinery and equipment with an initial, individual cost of more than \$10,000, land or building improvements of more than \$20,000 and infrastructure of more than \$25,000, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The value of both governmental and business-type activities infrastructure is fully reported and depreciated as applicable.

Property, plant and equipment of the City, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40 - 125
Building improvements	20 - 40
Water & Sewer improvements	20 - 50
Water & Sewer infrastructure	50 - 100
Infrastructure	75
Equipment and other capital assets	6 - 30

**6. Compensated Absences**

City and school employees are allowed under various labor agreements and by City ordinance to accumulate earned but unused vacation and sick leave. The City reports a liability based on the various provisions as follows:

- Supervisory (Nonunion); Supervisory (NEA); AFSCME-City; Fire employees:  
maximum sick leave accrual is 960 hours  
maximum sick leave payout is 65% up to \$7,500 - \$25,000 if 10 years service  
maximum vacation accrual and payout is 200-300 hours
- Police:  
maximum vacation accrual and payout is 400 hours  
sick leave payout of 65% of accumulated leave up to 2,000 hours and 45% over 2,000 hours

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Assets or Equity (Continued)**

**6. Compensated Absences (Continued)**

- Teachers:  
sick leave payout of 25% of number of days in excess of 50 and up to a maximum of 165
- AFSCME – School:  
maximum vacation accrual of 40 days; all accumulated payable upon separation  
maximum sick leave accrual of 225 days; payout 30% of days greater than 60 and less than 123

All vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. The current portion of the leave is determined based on historical and current usage. The current and non-current portion is recorded in the government-wide financial statements. The entire amount is reported as current in the proprietary fund financial statements.

**7. Long-Term Obligations**

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums paid on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

In the fund financial statements, expenditures for judgments and claims are recorded on the basis of settlements reached or judgments entered within the current fiscal year. In the government-wide financial statements, the estimated liability for all judgments and claims is recorded as a liability.

**8. Fund Equity and Net Assets**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Reserved fund balances in the governmental funds balance sheet are reserved for encumbrances. Designations of fund balance represent tentative management plans that are subject to change.

**9. Comparative Data/Reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

The governmental funds balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are as follows:

Bonds payable	\$20,621,283
Claims and judgments	1,004,374
Compensated absences	7,317,629
Net pension benefit obligation	5,091,759
Net other post-employment benefit obligation	4,235,568
Accrued interest payable	<u>286,836</u>
Net adjustment for long-term liabilities not due and payable in the current period	<u>\$38,557,449</u>

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds

:

Net pension asset	\$ 5,609,772
Deferred property taxes	6,891,851
Allowance for doubtful accounts	(5,683,086)
Property tax interest accrual	<u>2,618,161</u>
Net adjustment for long-term assets not available in the current period	<u>\$ 9,436,698</u>

Another element of the reconciliation explains that "Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds." The details of this difference are as follows:

Capital assets as of July 1, 2005, net of accumulated depreciation	\$60,837,980
Capital assets of internal service funds account for in the	
Net assets adjustment for internal service funds	(56,065)
Current year capital outlay	5,067,402
Disposition of assets	(119,456)
Depreciation expense	<u>(2,092,190)</u>
Net adjustment for capital assets	<u>\$63,637,671</u>

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgets and Budgetary Accounting**

A budget is adopted for the General and School Unrestricted Funds on the modified accrual basis with the exception that encumbrances are treated as budgeted expenditures in the year of the commitment to purchase.

In accordance with the City Charter, the City Manager must present to the Council a recommended annual budget for the operations of all municipal departments no later than 45 days prior to the commencement of each fiscal year. The recommended budget must include an appropriation to fund mandated contractual obligations in excess of school anticipated revenues. The Council may amend recommended municipal appropriations but not those of the school. The budget must be adopted by ordinance by the last Council meeting prior to the new fiscal year.

- Budgets are adopted on a legally enacted budgetary basis, which differs from generally accepted accounting principles (GAAP) in that budgetary expenditures for goods and non-employment services are recognized when legally binding orders referred to as encumbrances are placed.
- In addition to limits enforced by the budget ordinance, the City Charter further restricts the incurrence of municipal expenditures or expenses to budgeted revenues at the fund level. The City Manager must periodically review revenues and reduce annual appropriations sufficiently to cover any shortfalls in budgeted revenues.
- Costs of operations for all departments established within the City Charter must be appropriated through an annual budget ordinance. These departments are presented within the General Fund and the School Unrestricted Fund.
- Municipal budgetary control is legally enforced at the department level.
- Appropriation transfers between departments require approval by five of the seven-member Council. Other appropriation increases require both the establishment of a funding source and passage of a budget amendment ordinance.
- Intra-departmental transfers of municipal appropriations may be made with the approval of the City Manager.
- Unencumbered and unexpended appropriations lapse at fiscal year-end. School budgetary control is legally enforced only at the unrestricted fund level; inter-departmental transfers may be made without School Committee approval.

**B. Budgetary-GAAP Reporting Reconciliation**

The General Fund Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) in the financial statements presents comparisons of the legally adopted budget with actual data on a budgetary basis. The budgetary basis differs from GAAP because the budgetary basis includes encumbrances that are not recognized under GAAP.

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**B. Budgetary-GAAP Reporting Reconciliation (Continued)**

A reconciliation of revenues, expenditures, and fund balance between the accounting treatment required by GAAP (Exhibit D), and budgetary requirements (Exhibit F), is as follows:

	General Fund	
	Expenditures	Fund Balance
Balance, Budgetary Basis, Exhibit F- June 30, 2006	\$ 43,744,684	\$ 4,098,720
Encumbrances outstanding at June 30, 2006 charged to budgetary expenditures	(1,256,428)	1,256,428
Balance, GAAP Basis, Exhibit D - June 30, 2006	<u>\$ 42,488,256</u>	<u>\$ 5,355,148</u>

	School Unrestricted Fund		
	Revenues	Expenditures	Fund Balance
Balance, Budgetary Basis, Exhibit G- June 30, 2006	\$ 13,138,868	\$ 34,984,372	\$ 1,654,121
Encumbrances outstanding at June 30, 2006 charged to budgetary expenditures		(60,503)	60,503
Teachers' retirement on-behalf payment	1,157,934	1,157,934	
Balance, GAAP Basis, Exhibit D - June 30, 2006	<u>\$ 14,296,802</u>	<u>\$ 36,081,803</u>	<u>\$ 1,714,624</u>

**C. Excess of Expenditures Over Appropriations**

The legal level of control for which expenditures cannot exceed appropriations is at the category level within a department. The table below shows the amounts by which certain municipal department expenditures exceeded fiscal year 2006 appropriations (after approved transfers) and, where applicable, actual 2006 revenues:

Department	Expenditures in excess of budget
Police department	\$ 433,773
General fund transfers to other funds	528,410
School unrestricted fund transfers to other funds	173,251

The School Restricted Fund includes the school lunch program, which has a deficit of \$358,489 at June 30, 2006, which will need to be funded with additional charges for services or by transfers.

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**D. Donor Restricted Endowments**

The City has received endowments for various purposes including beautification, elderly care and care for the poor. The amounts are reflected in net assets as restricted for endowments. Investment income is approved for expenditure by the City Council and is included in unreserved fund balance. Investment income, including appreciation of \$823,606 is approved for disbursement by the City Council.

**E. Deficit Fund Balance**

The State Grants Fund had a deficit fund balance of \$272,217 as of June 30, 2006. This deficit will be funded with additional state revenues or by transfers.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

**Cash and Cash Equivalents (Deposits)**

As of June 30, 2006, the City had the following deposits:

	<u>Bank Balance</u>	<u>Carrying Amount</u>	
Cash	\$ 7,216,414	\$ 3,502,672	Bank Deposits
Money Market Funds	1,240,099	1,240,099	U.S. Treasuries AAA Rated
Repurchase Agreements	3,178,311	3,178,311	Mature July 1, 2006 and invested In Federal Home Loan Mortgages
2a7 Investment Pool	<u>2,832,660</u>	<u>2,832,660</u>	Fully Collateralized
	<u>\$ 14,467,484</u>	<u>\$ 10,753,742</u>	

Rhode Island Public Laws require that 100% of public deposits in a qualified public depository with maturities greater than sixty (60) days are collateralized with either bank segregated assets, in a trust department or in custodial accounts at a federal reserve bank or federal home loan bank. Further, any institution not meeting certain federally prescribed minimum capital standards must insure deposits or provide collateral regardless of maturities. The City Council further restricts deposits and short-term investments (less than 3 months) to insured or collateralized cash accounts, U.S. Treasuries, debt instruments issued by agencies of the U.S. Government or Certificates of Deposit less than or equal to the amount covered by Federal Deposit Insurance Corporation (FDIC) limits. The City Council also requires that certificates of deposits in excess of FDIC limits and any repurchase agreements are collateralized in amounts of at least 102% of the market value of the deposit. The 2a7 Investment pool is regulated and managed by the State of Rhode Island.



CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

**Cash and Cash Equivalents (Deposits) (continued)**

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be received. At June 30, 2006, the City's deposits are not exposed to custodial risk since most of the above deposits are collateralized at 102% with assets held either in trust or by a third party bank in U.S. Government Agencies (FNMA) or Federal Home Loan Mortgages held in the City's name, and the remaining deposits are insured by FDIC.

**Investments Other Than Fiduciary Funds and Permanent Funds**

Investments (other than fiduciary funds listed separately) at June 30, 2006, consist of the following:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Duration</u>	<u>Credit Risk Rating</u>
Money Market Funds (All collateralized)	\$ 3,992,308	N/A	AAA
Fixed Income Mutual Funds	510,006	6.2	BBB
Federal Home Loan Notes (Interest rate risk is slight due to short maturity date)	599,514	7 days	AAA
Certificates of Deposit*	<u>7,533,904</u>	1.153 yrs.	N/A
	<u>\$ 12,635,732</u>		

\*All insured by FDIC except for \$436,000. Six certificates (\$586,000) are callable, have step rate increases and mature between 2009 and 2018; it is not assumed the certificates will be called although it is likely. Weighted average maturity drops to .638 if those certificates are removed from the pool. The City intends to hold all certificates until maturity, although they are subject to interest rate risk in the event that they are sold prior to maturity.

The State of Rhode Island does not have any pertinent laws on investments that apply to municipalities. The City Investment Policy requires that at least 90% of investments shall at any time be invested in U.S. Treasury or Agency securities, top grade (AAA, AA and A or those with bond insurance) municipal securities, certificates of deposit backed by collateral consisting of U.S. Treasuries or Agencies or covered by FDIC or FSLIC insurance, and repurchase contracts backed by collateral consisting of U.S. Treasuries or Agencies and delivered to the City or held by an independent third party. The policy also allows for investment in uncollateralized Certificates of Deposit of Rhode Island banks. The policy further restricts investments with a maturity of greater than one year to 10% of total investments or \$2,000,000, whichever is lower. The City currently has \$1,933,000 invested in Certificates of Deposit, which have maturity dates of greater than one year.

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

**Fiduciary and Permanent Funds**

The City Council and Charter grant authority to a five-member Trust and Investment Commission (Commission) to manage fiduciary fund assets. The members are appointed by the City Council. The fiduciary funds include the police pension plan assets, the fire pension plan assets, the OPEB Trust assets, trust assets and scholarship assets. A separate investment policy exists as these assets are invested for long-term growth and/or to meet specific funding targets. The policy identifies the asset allocation plan and objectives developed by the Commission. The absolute objectives are to achieve growth in the principal value of assets while maintaining a level of stability and liquidity sufficient to ensure the timely payment of obligations, and to achieve the target rate of return as defined by the actuarial rate of return, currently 8.25% per year net of investment expenses, over a full market cycle defined as 5 to 7 years. The policy is used to inform investment managers, consultants and custodians of the Commission's goals, objectives, and restrictions. The policy is also designed to identify and mitigate performance risk. Investments are not restricted to any particular type of investment. The investment managers are held to certain performance standards as compared to an appropriate national index. The current asset allocation plan sets minimum, maximum and target percentages of assets. Equity Large Cap is targeted at 38% of total assets, Fixed Income is targeted at 35%, International Equity at 15%, Equity Mid Cap at 7% and Equity Small Cap at 5%. The Large Cap Value and Large Cap Growth performances are benchmarked against the Russell 1000 Value and Russell 1000 Growth, respectively. The Mid Cap performance is benchmarked against the Russell Mid Cap Index. The Small Cap is compared to the Russell 2000 Growth, the International Equity to the MSCI EAFE and the Fixed Income to the Lehman Brothers Aggregate. Further, the Commission instructs managers to invest the equity portion of the portfolio so as to prevent the returns from underperforming the equity index in any three consecutive quarters. At this point in time, most of the funds are invested in mutual funds. In that case, the managers are subject to the mutual fund prospectus. The assets are rebalanced quarterly as needed.

Fiduciary and Permanent Fund Investments include the following as of June 30, 2006:

Merrimac Treasury Plus Money Market	\$ 1,459	AAA rated Money Market Mutual Fund
Loomis Sayles Investor Tr Fixed Income	3,281,533	BBB with average effective duration 6.2
PIMCO Total Return Fund	19,345,875	AAA with average effective duration 4.8
Western Asset Core Plus Bond Fund	3,190,073	AAA average effective duration 4.0
Fidelity Contrafund Inc.	9,791,538	Equity Mutual Fund - Large Cap Growth
John Hancock Classic Value Fund I	11,399,300	Equity Mutual Fund - Large Cap Value
Shares Lucent Tech Ind WTS	945	Common Stock
First Eagle Overseas Fund - CL1	5,853,464	Equity Mutual Fund - International
Julius Baer International Equity Fund	5,986,688	Equity Mutual Fund - International
SSGA S&P MidCap Index SL CTF	5,392,784	Equity Mutual Fund - Mid Cap Fund
SSGA Russell 1000 GR SL CTF	7,970,270	Equity Mutual Fund - Large Cap Growth
Pier Capital Commingled Small Cap Gr	4,172,491	Equity Mutual Fund - Small Cap Growth
I-Shares Trust - Russell 2000 Index FD	24,245	Equity Mutual Fund

\$76,410,665

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

**Fiduciary and Permanent Funds (Continued)**

All fixed income investments consisting of the above investments in Loomis Sayles, PIMCO and Western Asset Core Plus are in mutual funds.

**Custodial credit risk**

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The following City investments are held by the counterparty's trust department or agent but not in the City's name and therefore are subject to custodial credit risk.

	TOTAL	LESS INSURED AMOUNTS	AMOUNT SUBJECT TO CUSTODIAL CREDIT RISK
Equity mutual funds .....	\$ 50,590,780	\$ 500,000	\$ 50,090,780
Fixed income mutual funds .....	23,137,414	500,000	22,637,414
Common stock .....	945		945
TOTAL .....	<u>\$ 73,729,139</u>	<u>\$ 1,000,000</u>	<u>\$ 72,729,139</u>

**Component Units**

**Cash and Cash Equivalents**

**Library**

The Library assumes levels of custodial credit risk for its cash deposits and cash equivalents. Custodial credit risk is the risk that, in the event of a bank failure, the Library's deposits may not be returned to it. Cash deposits and cash equivalents are exposed to credit risk if they are not covered by depository insurance and the deposits are a) uncollateralized, b) collateralized with securities held by the pledging financial institution, or c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the Library's name. The Library does not have a deposit policy for custodial risk.

At June 30, 2006, \$21,690 of the Library's bank balances of \$421,690 was uninsured and uncollateralized.

**Redevelopment Agency of Newport**

The Redevelopment Agency of Newport's cash deposits are held and managed by the City of Newport on behalf of the Redevelopment Agency. The disclosure for cash and cash equivalents described above for the City include all deposits held on behalf of the Redevelopment Agency.

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

**Investments**

**Library**

The Library assumes levels of custodial credit risk for its investments. Custodial credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Library's Board of Directors restricts both the type and maturity of instruments in which Library assets may be invested. Acceptable investments include certificates of deposit, debt instruments issued by the U.S. Treasury and agencies of the federal government, or high-grade municipal securities.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in a debt instrument. The Library does not have a policy as it related to interest rate risk.

At June 30, 2006, the Library's investments consist of the following:

TYPE OF INVESTMENT	FAIR VALUE	INVESTMENT MATURITIES (IN YEARS)		
		N/A	LESS THAN 1	1-5 YEARS
Money Market Funds .....	\$ 6,927	\$ 6,927	\$	\$
Equity Mutual Funds .....	386,267			386,267
Mutual Bond Funds .....	31,723			31,723
<b>TOTAL .....</b>	<b>\$ 424,917</b>	<b>\$ 6,927</b>	<b>\$ -</b>	<b>\$ 418,010</b>

The Libraries investments in fixed income mutual funds and bond mutual finds had average ratings as follows by Standard & Poor's.

AVERAGE RATING	BOND MUTUAL FUNDS	MONEY MARKET MUTUAL FUND
AAA .....	\$ 31,723	\$
AA .....		6,927
<b>TOTAL .....</b>	<b>\$ 31,723</b>	<b>\$ 6,927</b>

Custodial credit risk - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The following Library investments are held by the counterparty's trust department or agent but not in the City's name and therefore are subject to custodial credit risk.

	TOTAL	LESS INSURED AMOUNTS	AMOUNT SUBJECT TO CUSTODIAL CREDIT RISK
Equity mutual funds .....	\$ 386,267	\$ 386,267	\$ -
Mutual bond funds .....	31,723	31,723	-
<b>TOTAL .....</b>	<b>\$ 418,010</b>	<b>\$ 418,010</b>	<b>\$ -</b>

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Receivables**

At June 30, 2006, receivables, including the applicable allowances for doubtful accounts, are as follows:

**Governmental Activities**

	GENERAL	SCHOOL	COMMUNITY DEVELOPMENT ACT	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL
Taxes	\$ 2,942,201	\$	\$	\$	\$	\$ 2,942,201
Intergovernmental	389,421	96,057	274,978	473,384	1,247,284	2,481,124
Interest	2,221,498		366,234		30,429	2,618,161
Other	471,371				25,947	497,318
Notes/loans			2,488,690		539,673	3,028,363
	6,024,491	96,057	3,129,902	473,384	1,843,333	11,567,167
Less allowance for doubtful accounts	(3,642,193)		(1,959,564)		( 81,329)	(5,683,086)
	2,382,298	96,057	1,170,338	473,384	1,762,004	5,884,081
Less current portion	2,382,298	96,057	395,155	473,384	1,308,278	4,655,172
Net long-term portion	\$ -	\$ -	\$ 775,183	\$ -	\$ 453,726	\$ 1,228,909

**Business-type Activities**

	WATER FUND	W.P.C. FUND	OTHER ENTERPRISE FUNDS	TOTAL
User fees	\$ 2,199,324	\$ 1,950,111	\$ 30,662	\$ 4,180,097
Less allowance for doubtful accounts	( 225,000)	( 150,000)		( 375,000)
	1,974,324	1,800,111	30,662	3,805,097
Other		14,599		14,599
Net receivables	\$ 1,974,324	\$ 1,814,710	\$ 30,662	\$ 3,819,696

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2006 was as follows:

	BALANCE JULY 1, 2005	INCREASES	DECREASES	BALANCE JUNE 30, 2006
<b><u>Governmental Activities:</u></b>				
Capital assets not being depreciated:				
Land	\$ 2,348,013	\$	\$	\$ 2,348,013
Construction in progress	473,129	452,656	105,160	820,625
Total capital assets not being depreciated	2,821,142	452,656	105,160	3,168,638
Capital assets being depreciated:				
Land improvements	6,015,842	698,224		6,714,066
Buildings and structures	31,472,751	1,044,989		32,517,740
Machinery and equipment	4,990,828	371,774		5,362,602
Vehicles	5,349,145	474,505	142,958	5,680,692
Infrastructure	31,730,741	2,025,254		33,755,995
Total capital assets being depreciated	79,559,307	4,614,746	142,958	84,031,095
Total capital assets	82,380,449	5,067,402	248,118	87,199,733
Less accumulated depreciation:				
Land improvements	658,738	141,131		799,869
Buildings and structures	7,301,284	790,753		8,092,037
Machinery and equipment	2,334,996	407,074		2,742,070
Vehicles	3,133,346	380,046	128,662	3,384,730
Infrastructure	8,114,105	373,186		8,487,291
Total accumulated depreciation	21,542,469	2,092,190	128,662	23,505,997
Total capital assets being depreciated, net	58,016,838	2,522,556	14,296	60,525,098
Governmental activities capital assets, net	\$ 60,837,980	\$ 2,975,212	\$ 119,456	\$ 63,693,736

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets (Continued)**

Depreciation expense was charged to functions/programs of governmental activities as follows:

Governmental Activities:

General government	\$ 162,986
General education	530,189
Public safety	362,396
Public health	653,299
Planning, zoning and development	7,980
Human services	8,682
Recreation and parks	347,108
Capital assets held by the government's internal service fund are charged to various functions based on usage of the assets	<u>19,550</u>
	<u>\$ 2,092,190</u>

	BALANCE JULY 1, 2005	INCREASES	DECREASES	BALANCE JUNE 30, 2006
<b><u>Business-Type Activities</u></b>				
Capital assets not being depreciated:				
Land and land improvements	\$ 6,289,394	\$ 41,130	\$	\$ 6,330,524
Construction in progress	<u>749,963</u>	<u>196,080</u>		<u>946,043</u>
Total capital assets not being depreciated	<u>7,039,357</u>	<u>237,210</u>	<u>-</u>	<u>7,276,567</u>
Capital assets being depreciated:				
Buildings and systems	153,076,551	3,203,480		156,280,031
Machinery and equipment	4,704,559	102,987	140	4,807,406
Vehicles	<u>417,692</u>			<u>417,692</u>
Total capital assets being depreciated	<u>158,198,802</u>	<u>3,306,467</u>	<u>140</u>	<u>161,505,129</u>
Less accumulated depreciation:				
Buildings and systems	58,288,549	3,356,722		61,645,271
Machinery and equipment	4,137,391	87,637		4,225,028
Vehicles	<u>396,550</u>	<u>18,403</u>		<u>414,953</u>
Total accumulated depreciation	<u>62,822,490</u>	<u>3,462,762</u>	<u>-</u>	<u>66,285,252</u>
Total capital assets being depreciated, net	<u>95,376,312</u>	<u>(156,295)</u>	<u>140</u>	<u>95,219,877</u>
Net capital assets, business-type activities	<u>\$102,415,669</u>	<u>\$ 80,915</u>	<u>\$ 140</u>	<u>\$102,496,444</u>

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets (Continued)**

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Water	\$ 1,226,355
Water pollution control	2,053,383
Easton's Beach	77,806
Parking	83,856
Maritime	<u>21,362</u>
	<u>\$ 3,462,762</u>

**Discretely Presented Component Units**

Activity for the Newport Public Library for the year ended June 30, 2006 was as follows:

	<b>BALANCE JULY 1, 2005</b>	<b>INCREASES</b>	<b>DECREASES</b>	<b>BALANCE JUNE 30, 2006</b>
Capital assets being depreciated:				
Buildings	\$ 7,726,646	\$	\$	\$ 7,726,646
Improvements other than buildings	378,411			378,411
Machinery and equipment	815,935	16,385		832,320
Total capital assets being depreciated	<u>8,920,992</u>	<u>16,385</u>	<u>-</u>	<u>8,937,377</u>
Less accumulated depreciation:				
Buildings	1,793,659	239,529		2,033,188
Improvements other than buildings	87,614	18,920		106,534
Machinery and equipment	487,105	95,091		582,196
Total accumulated depreciation	<u>2,368,378</u>	<u>353,540</u>	<u>-</u>	<u>2,721,918</u>
Net capital assets, Newport Public Library	<u>\$ 6,552,614</u>	<u>\$ (337,155)</u>	<u>\$ -</u>	<u>\$ 6,215,459</u>



CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets (Continued)**

**Discretely Presented Component Units (Continued)**

Capital asset activity for the Newport Redevelopment Agency for the year ended June 30, 2006 was as follows:

	BALANCE JULY 1, 2005	INCREASES	DECREASES	BALANCE JUNE 30, 2006
Capital assets being depreciated:				
Buildings	\$ 620,610	\$	\$	\$ 620,610
Less accumulated depreciation	133,217	10,155		143,372
Net capital assets, Redevelopment Age	\$ 487,393	\$ (10,155)	\$ -	\$ 477,238

**D. Interfund Accounts**

**1. Interfund Receivables and Payables**

The composition of interfund balances as of June 30, 2006 is as follows:

	CORRESPONDING FUND	DUE FROM	DUE TO	DESCRIPTION
<b>Major Funds</b>				
General Fund				
Water Fund	\$ 179,547	\$		Legal and admin costs
Water Fund	938,063			Payroll and benefit costs
Nonmajor Governmental Fund			131,250	Library parking lot
	1,117,610		131,250	
Water Fund				
Water Pollution Control	312	113,812		Annual sludge charges
General Fund		1,117,610		Payroll and admin costs
Internal service Fund		6,645		Maintenance charges
	312	1,238,067		
Water Pollution Control Fund				
Water Fund		113,812	312	
<b>Nonmajor Funds</b>				
UDAG Fund				
General Fund	131,250			Library parking lot project
Internal Service Fund				
Water Fund		6,645		Maintenance charges
<b>Total</b>		\$1,369,629	\$1,369,629	

All interfund balances resulted from the time lag between the date payments occurred between funds for short-term internal financing.

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Interfund Accounts (Continued)**

**2. Advances**

	CORRESPONDING FUND	ADVANCES TO OTHER FUNDS	DESCRIPTION
<b>Major Funds</b>			
General Fund			
	Water Fund	\$ 1,500,000	Loan repayment
	Eastons Beach Fund	<u>300,620</u>	Loans for beach repairs/activities
Total advances to other funds		<u>\$ 1,800,620</u>	

The Urban Development Grant Fund (UDAG) loaned the City of Newport \$1,000,000 for Easton's Beach renovations in July 1994, which amount is recorded as a liability in the Easton's Beach Fund, a nonmajor proprietary fund. The note is a 15-year note bearing interest at 4.0%. The balance due at June 30, 2006 is \$269,908. The UDAG fund loaned the City of Newport \$33,047 to remove seaweed from Easton's Beach. The note is a 15-year note bearing interest at 1.0%. The balance due at June 30, 2006 is \$30,712.

The following schedule details amounts to be paid per year on the notes:

Year ending June 30,	Easton's Beach Renovations		Easton's Beach Seaweed		Combined Principal
	Principal	Interest	Principal	Interest	
2007	\$ 79,362	\$ 9,616	\$ 2,054	\$ 309	\$ 81,416
2008	82,584	6,394	2,075	288	84,659
2009	85,938	3,040	2,095	268	88,033
2010	22,024	220	2,117	246	24,141
2011	-	-	2,138	225	2,138
2012-2016	-	-	11,016	797	11,016
2017-2020	-	-	9,217	233	9,217
	<u>\$ 269,908</u>	<u>\$ 19,270</u>	<u>\$ 30,712</u>	<u>\$ 2,366</u>	<u>\$ 300,620</u>

**3. Transfers**

A summary of interfund transfers for the year ended June 30, 2006 is as follows:

Transfers To:

Governmental Funds:

School unrestricted fund	\$ 23,041,396
Capital projects fund	2,972,300
School restricted fund	415,000
School restricted fund	173,251
School unrestricted fund	236,600
Debt service fund	133,110
General fund	400,000
Capital projects fund	<u>323,871</u>

TOTAL \$ 27,695,528

Transfers From:

General Fund
General Fund
General Fund
School Unrestricted Fund
Capital Projects Fund
General Fund
Non major - property acquisition fund
UDAG Fund

Transfers are used to account for the financing by the general fund, the various programs and activities in other funds.

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Changes in Long-Term Obligations**

The City issues general obligation, Qualified Zone Academy Bonds (QZAB) and revenue bonds to provide funds for the acquisition and construction of major capital facilities. Bonds have been issued for both governmental and business-type activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are generally issued as 20-year serial bonds. Revenue bonds are obligations that pledge the revenues derived from the use of services in that particular fund. These are issued for business-type activities and are generally collateralized by the asset under construction or renovation. The bonds are usually issued as 20-year bonds. The QZAB bond is a 12-year bond, which is supported by annual sinking fund payments to a third-party escrow agent. Changes in bonded debt outstanding during fiscal year 2006 are summarized on the next page as follows:

**CITY OF NEWPORT, RHODE ISLAND****NOTES TO FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2006****IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)****E. Changes in Long-Term Obligations (Continued)**

	Date Issued	Maturity Date	Interest Rate (%)	Outstanding July 1, 2005	Additions	Retired	Outstanding June 30, 2006	Interest Expense
<b>Governmental activities:</b>								
Thompson Middle School/ Library	2001	2021	3.50 to 5.00	\$ 17,025,000	\$	\$ 700,000	\$ 16,325,000	\$ 1,543,675
Thompson School QZAB	2001	2013	N/A	1,863,536			1,863,536	67,638
Series A Refunding Bonds	2004	2011	2.00 to 4.00	929,884		211,567	718,317	80,388
Series B Refunding Bonds	2004	2012	2.00 to 3.50	1,995,334		280,904	1,714,430	93,369
Total governmental activities				\$ 21,813,754	\$ -	\$ 1,192,471	\$ 20,621,283	\$ 1,785,070
<b>Business-type activities:</b>								
Sewer improvements - SRF	2002	2023	1.9	\$ 12,041,702		\$ 502,654	11,539,048	\$ 444,671
Series A Refunding Bond	2004	2011	2.00 to 4.00	2,120,095		482,362	1,637,733	170,876
Total Water Pollution Control Fund				14,161,797	-	985,016	13,176,781	615,547
Series A Refunding Bond	2004	2011	2.00 to 4.00	1,565,020		356,072	1,208,948	123,353
Series B Refunding Bond	2004	2012	2.00 to 3.50	4,539,667		639,097	3,900,570	266,628
Total Water Fund				6,104,687	-	995,169	5,109,518	389,981
Total business-type activities				\$ 20,266,484	\$ -	\$ 1,980,185	\$ 18,286,299	\$ 1,005,528

All long-term liabilities listed under Governmental activities and generally liquidated by the General Fund.

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Changes in Long-Term Obligations (Continued)**

The City has \$13,000,000 of State Revolving Fund (SRF) revenue anticipation bonds issued in April 2002 available to fund sewer improvements, all of which have been drawn down. The amounts drawn down include \$894,371 of debt service reserve, which is held in trust by JP Morgan Trust. The stated interest rate is 4.79%; however, due to interest subsidies, the City's effective rate is 1.907%.

The City has a \$2,337,000 General Obligation Qualified Zone Academy Bond, Series 2001 dated December 14, 2001, due December 14, 2015, which was used to help finance the construction of Thompson Middle School. The bond may not be prepaid prior to the maturity date. The City is required to make annual sinking fund installments of \$133,110 with the trustee, which will be invested with the bank (purchaser of the bond). The total amount to be deposited into the sinking fund is \$1,863,536. The City is responsible for ensuring that the entire \$2,337,000 is repaid. Therefore, if the sinking fund payments plus investment earnings are insufficient to cover the \$2,337,000, the City will be responsible for the balance due. Current fair market value of the sinking fund is \$511,451, which amount is reported in the debt service fund, a nonmajor governmental fund.

Bonded indebtedness on June 30, 2006 matures over fiscal years through 2023 as follows:

Year ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2007	\$ 1,204,311	\$ 834,581	\$ 1,954,695	\$ 408,410
2008	1,187,425	790,126	1,818,464	350,680
2009	1,224,266	746,188	1,794,056	305,399
2010	1,237,114	700,635	1,774,207	259,450
2011	1,145,489	652,467	1,244,417	212,728
2012-2016	7,197,678	2,570,669	4,181,025	703,214
2017-2021	6,025,000	1,119,531	3,814,338	343,501
2022-2023	1,400,000	35,000	1,705,097	32,253
	<u>\$ 20,621,283</u>	<u>\$ 7,449,197</u>	<u>\$ 18,286,299</u>	<u>\$ 2,615,635</u>

Authorized and unissued debt at June 30, 2006 is as follows:

Water improvements authorized on April 1, 2000 in the amount of \$3,000,000 - The City expects to start drawing down for capital projects in the beginning of calendar year 2007.

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Notes Payable**

**1. Business-type Activities**

In October 2005, the City Water Pollution Control Fund borrowed \$210,000 from Earthtech to provide fire alarm system upgrades required by the Rhode Island State Fire Code. The note is to be repaid over 5 years at an interest rate of 8.0%. The balance of the note at June 30, 2006 is \$183,581.

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 37,525	\$ 12,327
2008	40,640	10,457
2009	44,013	7,084
2010	47,666	3,431
2011	13,737	280
	<u>\$ 183,581</u>	<u>\$ 33,579</u>

**Component Units**

**2. Library**

In 2001, the Library Association received a \$175,000 interest-free loan from the city of Newport for parking lot renovations. The loan is payable in annual installments of \$8,750 through 2011. The following is a summary of changes in long term debt of the Library Association.

<u>Business-type activities:</u>	<u>BALANCE</u>			<u>BALANCE</u>	<u>DUE WITHIN</u>
	<u>JULY 1, 2005</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>JUNE 30, 2006</u>	<u>ONE YEAR</u>
Notes payable	\$ 140,000	-	\$ 8,750	\$ 131,250	\$ 8,750
Compensated Absences	129,870	56,233	-	186,103	-
	<u>\$ 269,870</u>	<u>\$ 56,233</u>	<u>\$ 8,750</u>	<u>\$ 317,353</u>	<u>\$ 8,750</u>

**3. Redevelopment Agency**

In 1984, the Redevelopment Agency of Newport, a component unit, purchased a vacant building in an area of the City designed for redevelopment. As part of the financing for this purchase, the State of Rhode Island loaned the Redevelopment Agency \$200,000. The underlying note bears no stated interest rate or maturity and is secured with a mortgage on the building. As of June 30, 2006, \$200,000 was payable. The note is required to be paid only upon the sale of the building.

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Changes in Long-Term Liabilities:**

Long-term liability activity for the year ended June 30, 2006 was as follows:

	BALANCE JULY 1, 2005	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2006	DUE WITHIN ONE YEAR
<b>Governmental activities:</b>					
Bonds payable	\$ 21,813,754	\$ -	\$ 1,192,471	\$ 20,621,283	\$ 1,204,311
Claims and judgments	2,725,000	-	1,720,626	1,004,374	160,340
Compensated absences	7,259,519	1,460,410	1,402,300	7,317,629	952,618
Net pension obligation	5,010,562	81,197	-	5,091,759	-
Net OPEB obligation	-	4,235,568	-	4,235,568	-
<b>TOTAL</b>	<b>\$ 36,808,835</b>	<b>\$ 5,777,175</b>	<b>\$ 4,315,397</b>	<b>\$ 38,270,613</b>	<b>\$ 2,317,269</b>
<b>Business-type activities:</b>					
Bonds payable	\$ 20,266,484		\$ 1,980,185	\$ 18,286,299	\$ 1,954,695
Notes payable	\$ -	210,000	26,419	183,581	-
Net OPEB obligation	-	231,372	-	231,372	37,525
<b>TOTAL</b>	<b>\$ 20,266,484</b>	<b>\$ 441,372</b>	<b>\$ 2,006,604</b>	<b>\$ 18,701,252</b>	<b>\$ 1,992,220</b>

**H. Operating Leases**

The City leases certain office equipment under multi-year agreements that are subject to annual appropriation. Additionally, the Water Fund assesses the General Fund an annual lease charge of \$324,800 for providing a public fire protection system owned by the Water Fund pursuant to tariffs mandated by the Rhode Island Public Utilities Commission. For the year ended June 30, 2006, the General Fund incurred expenditures of \$324,800 associated with these agreements. Under new rates approved by the Rhode Island Public Utilities Commission, the minimum annual lease obligations of the General Fund related to these agreements are \$396,900 until such time as the Rhode Island Public Utilities Commission approves a rate change.

**I. Statutory Debt Limitations**

Rhode Island General Laws cap the amount of each municipality's general obligation bonds that may be outstanding to 3% of its assessed property values. Exceptions apply to bonds financed from non-tax revenues and special exemptions are granted for other purposes as well. The assessed value of Newport properties at December 31, 2005 was \$3,593,472,358, limiting the amount of non-excepted general obligation bonds outstanding to \$107,804,171. Bonds of \$20,621,283 outstanding at June 30, 2006 are general obligations and subject to the statutory limitation.

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**V. OTHER INFORMATION (CONTINUED)**

**A. Risk Management**

Through its operations, the City is exposed to various risks of loss related to torts, general liability, errors and omissions, and property losses due to theft, damage, or destruction, each of which is insured through a public entity risk pool; and to employee injuries and claims for unemployment, for which the City retains the risk of loss. Terms of collective bargaining agreements also require the City to assume risks of employee financial losses resulting from health and dental catastrophes and death, each of which the City has transferred to commercial insurers.

The City is a member of the Rhode Island Inter-local Risk Management Trust (the Trust), a non-profit public entity risk pool which provides insurance coverage to participants in exchange for an annual premium and a pro-rata share of certain administrative expenses. Coverage is provided in accordance with each member's policy, subject to deductibles, through a pooling of risks among participants, supplemented by commercial reinsurance for excess losses. Management believes the Trust's reserves to be adequate to meet all reported claims, as well as an estimate of potential claims for losses incurred but not reported. Accordingly, no accrual has been made for potential liabilities arising from risks once they have been transferred to the Trust.

The City maintains \$2,000,000 of liability insurance per incident and insures property for replacement cost. Settled claims have not exceeded coverage through the Trust in any of the past three years.

The City is in the process of self-insuring certain properties for all or a portion of flood insurance. The following list details the replacement cost of the building and/or contents:

**Fully Self-insured:**

<u>Property</u>	<u>Building Value</u>	<u>Contents/Other Value</u>	<u>Total Value</u>
America's Cup Parking Garage	\$ 2,905,700	\$	\$ 2,905,700
Cardine's Field Restrooms	165,995		165,995
Cardine's Field Storage Building	13,889		13,889
Easton's Beach Storage Building	70,834		70,834
Eisenhower Park Structures		53,800	53,800
King's Park Restrooms	95,116		95,116
Long Wharf Harbormaster Shed	29,743	4,051	33,794
Easton's Beach Rotunda/Carousel	2,300,887	461,426	2,762,313
Gateway Center	2,905,700		2,905,700
Convention Center Canopies	826,548		826,548
	<u>\$ 9,314,412</u>	<u>\$ 519,277</u>	<u>\$ 9,833,689</u>

Remaining properties are fully or partially insured through the National Flood Insurance Program or through the Trust. Deductibles for the National Flood Insurance Program are either \$2,000 or \$50,000. The exposure of partially insured properties is \$50,184,487 less \$10,000,000 per member annual aggregate. Most of the exposure is for the City's wastewater treatment plant (\$44,900,000). The City has not yet established reserves and believes that the risk of flood damage to all of the self-insured or partially insured properties at any one time is minimal.



CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**V. OTHER INFORMATION (CONTINUED)**

**B. Pension Plans**

All eligible employees of the City are covered by one of four pension plans, the Employees' Retirement System of the State of Rhode Island (Teachers' Plan), the Municipal Employees' Retirement System of the State of Rhode Island (Municipal Plan), the Firemen's Pension Plan and the Policemen's Pension Plan. The Teachers' Plan covers all School Department personnel certified by the Rhode Island Department of Education who are or have been engaged in teaching as a principal occupation. The Municipal Plan covers all employees not covered under the Teachers' Plan. However, fire employees and police officers have elected to participate in a single-employer pension plan administered by the City. The Firemen's Pension Plan and Policemen's Pension Plan cover all employees covered under a collective bargaining agreement either with the International Association of Firefighters, Local 1080 or the Fraternal Order of Police, Lodge Number 8. Total covered payroll under all plans during 2006 was \$35,685,973. Total City payroll was \$44,477,296 for the same period.

**1. Teachers' Plan**

**a. Plan Description**

The Teachers' Plan is a statutory, mandatory, statewide, cost-sharing multiple employer public employee retirement system administered by the State. Financial statements for the plan are issued separately and may be obtained by writing to Employees' Retirement System of Rhode Island, 40 Fountain Street, Providence, Rhode Island, 02903 or by calling (401) 222-2203. Total covered payroll under the plan during 2006 was \$17,154,581, including \$1,138,706 of federally reimbursed payroll.

**b. Plan Provisions**

Participants' rights to pension benefits become fully vested after 10 years of service. Participants vested by July 1, 2005, are eligible to retire after 10 years of service if they have attained age 60, or after 28 years of service regardless of age. Participants vested after July 1, 2005, are eligible to retire after 10 years of service if they have attained age 65, or at age 59 with 29 years of service. Benefits for those vested by July 1, 2005, are equal to 1.7% of final average salary for each of the first 10 years of service, 1.9% for each of the next 10 years, 3% for each of the next 14 years thereafter, and 2% for the 35<sup>th</sup> year, resulting in a maximum benefit of 80% of final average salary. Benefits for those vested after July 1, 2005, are equal to 1.6% of final average salary for each of the first 10 years of service, 1.8% for each of the next ten years, 2% for each of the next 5 years and 2.25% of the next 5 years and 2.5% for years 31-37, resulting in a maximum benefit of 75% of the final average salary. Final average salary is computed using the highest three consecutive years of base earnings. Retirees' benefits are subject to a 3% compounded annual cost of living increase, commencing on the January 1<sup>st</sup> following the third anniversary of an employee's retirement, if vested before July 1, 2005. For those retirees vested after July 1, 2005, a cost of living increase, which is the lesser of 3%, or the Consumer Price Index for all Urban Consumers as of September 30 of the prior calendar year compounded annually, will be applied beginning the month after the third anniversary of the retirement date. The plan also provides pre-retirement benefits at a minimum of 17% of salary for non-occupational disabilities after 5 years of service, and at 67% of salary for occupational disabilities regardless of service. Surviving spouses are also eligible for both pre- and post-retirement death benefits with minimum amounts established under varying circumstances.

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**V. OTHER INFORMATION (CONTINUED)**

**B. Pension Plans (Continued)**

**1. Teachers' Plan (Continued)**

**c. Funding Policy**

Rhode Island general laws set the contribution rates of participating employees at 9.5% of salary. Annual required contributions by both employers and the State on behalf of those employees are determined by actuaries and assessed as a percentage of participants' payroll. The required contributions include (a) normal costs; (b) payments to amortize the unfunded frozen actuarial accrued liability as of July 1, 1985 over 30 years; and (c) interest on the unfunded frozen actuarial liability. Normal cost is determined using the entry age normal cost method with frozen initial liability. The City participates in the optional Teachers Survivor Benefits Fund whereby both the employer and the employee contribute 1% of the first \$9,600 of each participating employee's salary for survival benefits.

As prescribed by Rhode Island general law, the State pays the entire portion of the annual required contribution attributable to the costs of contributions deferred by the State in prior years, plus 40% of contributions assessed to employers on payroll not reimbursable through federal programs. For fiscal year 2006, actuarial required contributions were 16.47% of participant salary (also 16.47% for federally reimbursed salary). This resulted in a contribution rate paid by the State on behalf of City teachers of 6.75%. The City's contribution rate was 9.72%. The City's required and actual contributions to the Teachers' Plan for fiscal years 2006, 2005 and 2004 were \$1,566,716, \$1,570,475 and \$1,623,585, respectively.

**2. Municipal Plan**

**a. Plan Description**

The Municipal Plan is an agent multiple employer public employee retirement system administered by the State. Financial statements for the plan are issued separately and may be obtained by writing to the Employees' Retirement System, 40 Fountain Street, Providence, Rhode Island, 02903-1854 or by calling (401) 222-2203. For fiscal year 2006, payroll for employees covered under the plan totaled \$12,847,080.

Participants' rights to pension benefits become fully vested after 10 years of service. They are also eligible to retire after 10 years of service if they have attained age 58 or after 30 years of service regardless of age. Benefits are equal to 2% of final average salary for each year of service, with a maximum benefit of 75% of final average salary. Final average salary is computed using the highest three consecutive years of base earnings, exclusive of overtime. Retiree benefits are adjusted annually by 3% compounded to allow for cost of living increases under an optional benefit provision adopted by the City.

The plan also provides pre-retirement benefits at a minimum of 20% of salary for non-occupational disabilities after 5 years of service, and at 67% of salary for occupational disabilities regardless of service. Surviving spouses are also eligible for both pre- and post-retirement death benefits with minimum amounts established under varying circumstances.

As of June 30, 2006, 308 active employees were members of the Municipal Plan.

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**V. OTHER INFORMATION (CONTINUED)**

**B. Pension Plans (Continued)**

**2. Municipal Plan (continued)**

**b. Funding policy**

Rhode Island general laws set contributions of participating employees at 6% of salary. An additional 1% of salary is assessed to employees under the optional cost-of-living provision. Annual required contributions are actuarially determined for each separate employer and are assessed to each as a percentage of their participating employees' payroll. The annual required contribution covers normal costs and, where applicable, a payment to amortize the unfunded actuarial accrued liability as of July 1, 1988, over a closed period of 25 years (or over 25 from date joined if after July 1, 1988). Normal cost is determined using the entry age normal cost method. Unlike in the Teachers' Plan, the State makes no contributions to the Municipal Plan on behalf of the City, nor does it assume any liability for funding pension benefits for the City's participants.

**c. Annual Pension Costs and Net Pension Obligations**

The following table summarizes annual pension costs and actual contributions for the plan for the past three years. There was no net pension obligation during the three-year period.

	2006	2005	2004
Annual pension costs	\$ 1,629,038	\$ 1,310,576	\$ 1,057,778
Actual contributions:			
Employee	712,884	576,210	697,114
Employer	916,154	734,366	360,664
Percent of annual pension costs contributed	100%	100%	100%

**d. Actuarial Methods and Significant Assumptions**

The State used the entry age normal method to determine both the actuarial accrued liabilities and annual required contributions to each member of the plan. Pension assets are valued at their fair value as established by quotations from applicable national securities exchanges. Valuations of accrued liabilities, pension assets, and annual required contributions for the Municipal Plan are performed annually as of June 30.

Significant actuarial assumptions used in each valuation are summarized as follows:

Asset appreciation:	8.25% annually
Salary increases:	3.00% annually
Cost of living adjustments:	3.00%, not compounded

Retirement probability:

100% at age 70 or upon eligibility (100% at age 60 or upon eligibility - police)

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**V. OTHER INFORMATION (CONTINUED)**

**B. Pension Plans (Continued)**

**2. Municipal Plan (Continued)**

Mortality:

Healthy members – 1994 Group Annuity Mortality Table

Disabled members – PBGC Table Va for disabled members eligible for Social Security disability benefits

Disability: Probabilities ranging from .05% at age 25 to .71% at age 60

**3. Firemen's Pension Plan and Policemen's Pension Plan**

**a. Plan Description**

The City has separately established the Firemen's Pension Plan (Fire Plan) and the Policemen's Pension Plan (Police Plan). Each is a single-employer defined benefit pension plan which provides retirement, disability and death benefits to its participants. For fiscal year 2006, covered payroll under the plans was \$4,827,849 and \$4,757,611 for the fire and police plans, respectively. Each plan is reported as a pension trust fund in the City's fiduciary fund net assets. A separate report on these pension plans is not available; they are audited as part of the City's audit.

Rights to pension benefits become fully vested for fire and police participants after 10 years of service. Police are eligible to retire after 20 years of service, and firemen are eligible to retire after 25 years of service. Police benefits are equal to 50% of salary with an additional 2.5% for each year of service after 20 years and up to 25 years of service, with the total benefit not to exceed 62.5% of salary. Police retirees who work more than 25 years are entitled to an additional 1.5%, with the total benefit not to exceed 70% of salary. The fire pension plan entitles retirees to benefits equal to 65% of salary for those who retire at 25 years. The percentage increases by 1% per year until the maximum of 70% of salary is attained. An additional \$100 per year can be earned for each year of service in excess of 25, to a maximum of \$1,000 per year.

Pre-retirement benefits at a minimum of 25% and 50% of salary are provided to disabled fire and police participants, respectively. However, fire employees are eligible for an additional 2.5% of salary for each year of service in excess of 10 years until a maximum benefit of 62.5% of salary is attained. Surviving spouses under both plans are also eligible for pre-retirement death benefits of 67.5% of salary, subject to a pro-rata reduction for participants having fewer than 20 years of service.

**b. Summary of Significant Accounting Policies and Plan Asset Matters**

**1. Basis of Accounting**

The pension trust fund financial statements are prepared on the accrual basis of accounting. Revenues (contributions and investment income) are recognized when they are earned and expenses (benefits and administration) are recognized when they are due and payable in accordance with terms of the plan.

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**V. OTHER INFORMATION (CONTINUED)**

**B. Pension Plans (Continued)**

**3. Firemen's Pension Plan and Policemen's Pension Plan (Continued)**

**b. Summary of Significant Accounting Policies and Plan Asset Matters (Continued)**

**2. Valuation of Investments**

Investments are valued at fair value. Securities traded on national exchanges are valued at the last reported sales price. There are no investments of 5% or greater in any one organization.

**c. Classes of Employees Covered**

As of June 30, 2006, membership in each plan was as follows:

	<b><u>Fire Plan</u></b>	<b><u>Police Plan</u></b>
Active employees hired before July 1, 1984	19	10
Active employees hired on or after July 1, 1984	<u>73</u>	<u>72</u>
Total active employees	92	82
Inactive employees with vested rights	2	-
Pensioners and beneficiaries	<u>103</u>	<u>118</u>
Total plan members	<u>197</u>	<u>200</u>

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**V. OTHER INFORMATION (CONTINUED)**

**B. Pension Plans (Continued)**

**3. Firemen's Pension Plan and Policemen's Pension Plan (Continued)**

Financial Information:

STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2006

	POLICE PENSION FUND	FIRE PENSION FUND
<b>ASSETS</b>		
Cash and investments	\$ 39,069,938	\$ 27,379,649
<b>LIABILITIES</b>		
Cash overdraft and accounts payable	<u>1,353,124</u>	<u>575,649</u>
<b>NET ASSETS</b>		
Net assets held in trust for pension benefits	<u>\$ 37,716,814</u>	<u>\$ 26,804,000</u>

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2006

	POLICE PENSION FUND	FIRE PENSION FUND
<b>ADDITIONS</b>		
Contributions and other income	\$ 2,812,383	\$ 3,950,341
Investment income, net of investment expenses	<u>3,125,456</u>	<u>2,171,925</u>
<b>TOTAL ADDITIONS</b>	<u>5,937,839</u>	<u>6,122,266</u>
<b>DEDUCTIONS</b>		
Benefits	3,518,120	3,445,588
Administration	<u>137,766</u>	<u>78,871</u>
<b>TOTAL DEDUCTIONS</b>	<u>3,655,886</u>	<u>3,524,459</u>
<b>CHANGES IN NET ASSETS</b>	2,281,953	2,597,807
<b>NET ASSETS - JULY 1, 2005</b>	<u>35,434,861</u>	<u>24,206,193</u>
<b>NET ASSETS - JUNE 30, 2006</b>	<u>\$ 37,716,814</u>	<u>\$ 26,804,000</u>

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**V. OTHER INFORMATION (CONTINUED)**

**B. Pension Plans (Continued)**

**3. Firemen's Pension Plan and Policemen's Pension Plan (Continued)**

Funding Policy

Under terms of their collective bargaining agreements, firefighters and policemen are required to contribute 8% of salary to their respective pension plans. For funding purposes, the City divides the membership of each pension plan into two groups, one composed of current and former employees hired prior to July 1, 1984, and the other composed of those hired after June 30, 1984. The City's required contributions are separately determined for both membership groups within each plan. For the former, required contributions include normal costs with interest and an amount sufficient to amortize the accrued actuarial liabilities in level dollar amounts over a closed 30-year period. The latter group has never incurred unfunded accrued actuarial liabilities; therefore, required contributions cover only normal costs.

Rhode Island general laws and collective bargaining agreements establish minimum employer funding independent of the City's funding policy, incorporating the collected amounts of certain types of revenues related to public safety services. However, the City's policy results in required contributions in excess of the statutory and contractual minimum levels.

Annual Pension Costs and Net Pension Obligations - Separate actuarial valuations for each plan were performed as of July 1, 2005. The following table summarizes annual pension costs for both the Police Plan and Fire Plan:

	<u><b>Fire Plan</b></u>	<u><b>Police Plan</b></u>
Annual required contribution (ARC)	\$ 3,543,234	\$ 2,440,649
Amount representing interest on NPO	413,371	(453,955)
Adjustment to ARC	<u>(332,173)</u>	<u>346,673</u>
Total annual pension costs	<u><u>\$ 3,624,432</u></u>	<u><u>\$ 2,333,367</u></u>

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**V. OTHER INFORMATION (CONTINUED)**

**B. Pension Plans (Continued)**

**3. Firemen's Pension Plan and Policemen's Pension Plan (Continued)**

A summary of annual pension costs, contributions, and net pension obligations (NPO) and net pension asset (NPA) of each plan over the preceding three years is as follows:

	<b>Fire Plan</b>		
	<b>2006</b>	<b>2005</b>	<b>2004</b>
Annual pension costs	\$ 3,624,432	\$ 4,223,612	\$ 3,427,590
Actual contributions	3,543,235	5,118,543	3,317,767
Increase (decrease) in NPO	81,197	(894,931)	109,823
Net pension obligation, beginning	5,010,562	5,905,493	5,795,670
Net pension obligation, ending	\$ 5,091,759	\$ 5,010,562	\$ 5,905,493
% of annual pension costs contributed	97.8%	121.2%	96.8%

	<b>Police Plan</b>		
	<b>2006</b>	<b>2005</b>	<b>2004</b>
Annual pension costs	\$ 2,333,367	\$ 3,241,737	\$ 3,098,690
Actual contributions	2,440,649	3,889,486	3,247,875
(Increase) in NPA	(107,282)	(647,749)	(149,185)
Net pension asset, July 1, 2005	(5,502,490)	(4,854,741)	(4,705,556)
Net pension asset, June 30, 2006	\$ (5,609,772)	\$ (5,502,490)	\$ (4,854,741)
% of annual pension costs contributed	104.6%	120.0%	104.8%

**Actuarial Methods and Significant Assumptions**

Actuarial valuations utilize the projected unit credit method to determine both the actuarial accrued liabilities and annual required contributions to each plan. Pension assets are valued at their fair market value as established by quotations from applicable national securities exchanges. Valuations of accrued liabilities, pension assets, and annual required contributions for both plans are performed annually as of July 1, 2005.



CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**V. OTHER INFORMATION (CONTINUED)**

**B. Pension Plans (Continued)**

**3. Firemen's Pension Plan and Policemen's Pension Plan (Continued)**

Significant actuarial assumptions used in each valuation are summarized as follows:

	<u>Fire</u>	<u>Police</u>
Valuation Date:	July 1, 2006	July 1, 2006
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Dollar Closed	Level Dollar Closed
Remaining Amortization Period	25 Years	25 Years
Asset appreciation:	8.25% annually	8.25% annually
Salary increases:	3.25% annually	3.75% annually
Cost of living increase:	3.50%	4.00%
Mortality:		
Healthy Members	RP-2000 Combined Mortality Table	RP-2000 Combined Mortality Table
Disabled Members	1985 Wyatt Pension Disability Table	1985 Wyatt Pension Disability Table

Concentrations - As of June 30, 2006, and during the year then ended, no pension assets were invested in any organization which collectively held 5% or more of the total assets of either plan.

**C. Other Post-Employment Benefits (OPEB)**

**1. Plan Description**

The City of Newport offers family or individual health insurance to retirees and life insurance to police retirees. Employees vest for OPEB when they vest for pension benefits. Retired police employees receive \$25,000 in retiree life insurance. Employees can choose individual or family coverage when active, which is paid by the City. Teachers, non-union employees and police employees contribute towards the cost of their health insurance, while active and after retirement. If an employee retires prior to age 65, the employee remains in their pre-retirement medical plan from the date of their retirement until age 65. At age 65, non-teachers enter Plan65 unless they are grandfathered in under another medical plan or are Medicare ineligible. Medicare ineligible participants remain in the medical plan they chose as active employees. Teachers who are in the "Extended Benefit Plan" contribute 5% of their salary and remain in any plan of their choosing at age 65, whether eligible for Medicare or not. The "Extended Benefit Plan" has been closed to new participants and, under the terms of a new contract, teachers can opt-out of the "Extended Benefit Plan". New teachers and teachers who opt-out of the "Extended Benefits Trust" do not receive any City funded benefits once they reach age 65. As of June 30, 2006, 437 retirees were eligible to receive health and life insurance benefits.

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**V. OTHER INFORMATION (CONTINUED)**

**C. Other Post-Employment Benefits (OPEB) (Continued)**

**2. Summary of Significant Accounting Policies and Plan Asset Matters**

**a. Basis of Accounting**

The pension trust fund financial statements are prepared on the accrual basis of accounting. Revenues (contributions and investment income) are recognized when they are earned and expenses (benefits and administration) are recognized when they are due and payable in accordance with terms of the plan.

**b. Valuation of Investments**

Investments are valued at fair value. Securities traded on national exchanges are valued at the last reported sales price. There are no investments of 5% or greater in any one organization.

**3. Funding Policy**

The City of Newport has historically funded these liabilities on a pay-as-you-go basis. The current liabilities for the year ended June 30, 2006 were funded on a pay-as-you-go basis. During fiscal year 2006, expenditures or expenses of \$4,751,710, net of contributions, were recorded for post-employment benefits of retirees or beneficiaries and their dependents, distributed as follows:

General Fund	\$ 360,660
Special Revenue Funds – School Unrestricted	2,616,007
Enterprise Funds	258,532
Pension Trust Funds	<u>1,516,511</u>
Total	<u>\$4,751,710</u>

The City established an Irrevocable Trust Agreement (OPEB Trust) effective June 30, 2006, and has started to pre-fund OPEB liabilities. An employer contribution of \$487,956 was made in fiscal year 2006 from unanticipated revenues. The City Council also adopted a resolution requiring that all City (not school) employee health insurance contributions be put into the OPEB Trust. Currently, police and non-union employees contribute towards the cost of their health insurance. The City has added an annual amount to the budget to fund future liabilities.

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**V. OTHER INFORMATION (CONTINUED)**

**C. Other Post-Employment Benefits (OPEB) (Continued)**

A portion of health insurance premiums is borne by the City, dependent upon each retiree's covered group, date of retirement and credited service. For members covered under the Police Pension Plan retiring after June 30, 1987, the City pays 50% of premiums plus an additional 5% of premiums for each year of service between 11 and 20 years, until 100% is paid. Retirees prior to that date are responsible for premiums for each year between 11 and 25 years, until 100% is paid. Premiums for retirees of both the Teachers' Plan and the Municipal Plan are fully paid by the City, provided the retiree was eligible for retirement at the time of separation from service. Beyond health insurance, the City bears only the cost of providing certain Police Pension Plan members a \$25,000 life insurance policy. Members of each group may elect dental and life insurance coverage at their expense.

The costs of other post-employment benefits are funded on a "pay-as-you-go" method. The City contracted to have an actuarial study performed of the cost of providing other post-employment benefits in preparation for GASB Statement No. 45, "Accounting and Financial Reporting by Employees for Postemployment Benefits Other Than Pensions," which will be implemented in fiscal year 2009. The actuarially accrued unfunded liability as of July 1, 2004, for all City and School employees is \$61.6 million.

**Summary Financial Information**

The Other Post Employment Benefits Trust summary financial information reported in the financial statements is as follows:

	<u>June 30, 2006</u>
Assets:	
Cash	\$ 30,153
Investments	461,754
Total Assets	<u>491,907</u>
Liabilities	<u>222</u>
Net Assets Held in	
Trust for OPEB	<u>\$ 491,685</u>
Additions:	
Employer Contributions	\$ 487,956
Investment Income, net	4,088
Deductions	<u>(369)</u>
Changes in Net Assets	<u>\$ 491,675</u>

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**V. OTHER INFORMATION (CONTINUED)**

**C. Other Post-Employment Benefits (OPEB) (Continued)**

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

Annual required contribution	\$ 9,706,604
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	9,706,604
Contributions made	5,239,666
Increase in net OPEB obligation	4,466,938
Net OPEB obligation - July 1, 2005	-
Net OPEB obligation - June 30, 2006	\$ 4,466,938

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2006 is as follows:

<b><u>Fiscal Year Ended</u></b>	<b><u>Annual OPEB Cost</u></b>	<b><u>Percentage of Annual OPEB Cost Contributed</u></b>	<b><u>Net OPEB Obligation</u></b>
6/30/06	\$ 9,706,604	53.9%	\$ 4,466,938

**Funded Status and Funding Progress**

The actuarial accrued liability for benefits as of July 1, 2005, is \$123 million for City, School and Newport Public Library employees. There were no assets as of that date, thus, the entire amount is unfunded. The covered payroll (annual payroll of active employees covered by the plan) is \$44.5 million. The ratio of the unfunded actuarially accrued liabilities (UAAL) to covered payroll is 276%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

CITY OF NEWPORT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**V. OTHER INFORMATION (CONTINUED)**

**C. Other Post-Employment Benefits (OPEB) (Continued)**

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The projected unit credit cost method was used in the July 1, 2005 actuarial valuation. Actuarial assumptions included a 7.5% investment rate of return (net of administrative expenses). Only assets that have been contributed to the OPEB Trust are considered available for liabilities for purposes of the valuation. The City does use other assets to pay the liabilities on a pay-as-you-go basis at the present time. The actuarial assumptions for healthcare cost trend is growth of 10% for 2006 and declining by 1% per year until 5% is reached. The 5% growth is used on a go-forward basis. The UAAL will be amortized over a closed thirty year period.

**D. Contingencies**

The City is involved in several lawsuits and claims. Both City officials and their legal counsel are unable to express an opinion as to the ultimate outcome of the cases, and no provision for loss has been made in the accompanying financial statements. It is the opinion of both the City officials and their legal counsel that the results of the cases would have no materially adverse effect on the City's financial position.

**E. On-Behalf Payments**

The amount of the State Teachers' Retirement Plan contribution recognized in the School Unrestricted Fund intergovernmental revenues and education expenditures for contributions made by the State on behalf of the City's teachers was \$1,157,934.

**F. Restatements**

Government-Wide Financial Statements

The beginning net assets for governmental activities were restated in order to record the net pension asset in the City of Newport Police Pension Fund and to correct the beginning net pension obligation in the City of Newport Firefighters Pension Fund. The beginning net assets were restated by \$5,502,490 for the net pension asset and \$894,391 for the net pension obligation increasing beginning net assets from \$49,966,266 to \$56,363,687.

**CITY OF NEWPORT, RHODE ISLAND**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

JUNE 30, 2006

Municipal Employees Retirement System						
Actuarial Valuation Date July 1	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets as % of AAL	Unfunded AAL	Annual Covered Payroll	Unfunded (Excess) AAL as % of Covered Payroll
1999	\$ 39,390,120	\$ 37,096,146	106.2%	\$ (2,293,974)	\$ 8,862,637	-25.9%
2000	42,186,744	40,314,770	104.6%	(1,871,974)	9,736,206	-19.2%
2001	41,726,725	42,111,299	99.1%	384,574	9,645,954	4.0%
2002	41,024,221	43,891,378	93.5%	2,867,157	9,969,253	28.8%
2003	38,988,455	45,900,955	84.9%	6,912,500	9,879,190	70.0%
2004	37,820,577	47,940,239	78.9%	10,119,662	10,642,607	95.1%

Fire Pension Plan						
Actuarial Valuation Date July 1	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets as % of AAL	Unfunded AAL	Annual Covered Payroll	Unfunded AAL as % of Covered Payroll
2000	\$ 15,189,407	\$ 55,708,574	27.3%	\$ 40,519,167	\$ 4,250,751	953.2%
2001	15,364,083	60,698,701	25.3%	45,334,618	4,321,161	1049.1%
2002	15,992,660	57,208,592	28.0%	41,215,932	4,647,200	886.9%
2003	17,726,942	61,509,869	28.8%	43,782,927	4,605,267	950.7%
2004	21,427,871	64,260,714	33.3%	42,832,843	5,097,320	840.3%
2005	24,426,065	66,806,255	36.6%	42,380,190	5,081,136	834.1%
2006	27,413,402	68,671,042	39.9%	41,257,640	4,827,849	854.6%

Police Pension Plan						
Actuarial Valuation Date July 1	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets as % of AAL	Unfunded AAL	Annual Covered Payroll	Unfunded AAL as % of Covered Payroll
2000	\$ 29,758,830	\$ 47,579,511	62.5%	\$ 17,820,681	\$ 3,838,574	464.3%
2001	28,782,410	51,471,122	55.9%	22,688,712	3,737,343	607.1%
2002	28,060,710	65,986,217	42.5%	37,925,507	3,845,929	986.1%
2003	29,217,703	67,277,252	43.4%	38,059,549	3,867,398	984.1%
2004	33,645,290	58,014,568	58.0%	24,369,278	4,147,842	587.5%
2005	36,209,737	61,626,704	58.8%	25,416,967	4,890,635	519.7%
2006	39,118,117	62,635,048	62.5%	23,516,931	4,757,611	494.3%

OPEB Trust Plan						
Actuarial Valuation Date July 1	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets as % of AAL	Unfunded AAL	Annual Covered Payroll	Unfunded AAL as % of Covered Payroll
2005	\$ 491,685	\$ 123,721,034	0.4%	\$ 123,229,349	\$ 44,500,000	276.9%

**CITY OF NEWPORT, RHODE ISLAND**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

JUNE 30, 2006

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Fire Pension Plan			
Actuarial Valuation Date July 1,	Annual Required Contribution (ARC)	Actual Contribution	% of ARC Contributed
2001	\$ 3,281,802	\$ 3,567,527	108.7%
2002	3,106,881	3,993,315	128.5%
2003	3,285,527	4,062,000	123.6%
2004	3,317,767	3,317,767	100.0%
2005	4,118,543	5,118,543	124.3%
2006	3,543,234	3,543,235	100.0%

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Police Pension Plan			
Actuarial Valuation Date July 1,	Annual Required Contribution (ARC)	Actual Contribution	% of ARC Contributed
2001	\$ 1,696,189	\$ 2,708,167	159.7%
2002	1,985,197	2,853,771	143.8%
2003	2,099,345	2,698,300	128.5%
2004	3,247,875	3,247,875	100.0%
2005	3,389,486	3,889,486	114.8%
2006	2,440,649	2,440,649	100.0%

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**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**of the**

**CITY OF NEWPORT,  
RHODE ISLAND**

**FOR THE YEAR ENDED**

**JUNE 30, 2006**

**PREPARED BY:**

**LAURA SITRIN, CPA  
DIRECTOR OF FINANCE**

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**CITY OF NEWPORT, RHODE ISLAND**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**AS OF AND FOR THE YEAR ENDED JUNE 30, 2006**

**TABLE OF CONTENTS**

---

**PAGE**

**INTRODUCTORY SECTION**

TRANSMITTAL LETTER.....	1
ORGANIZATIONAL CHART OF THE GOVERNMENT OF THE CITY OF NEWPORT .....	5
PRINCIPAL ELECTED AND APPOINTED OFFICIALS .....	7
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING FOR THE YEAR ENDED JUNE 30, 2005.....	8

**FINANCIAL SECTION**

INDEPENDENT AUDITORS' REPORT .....	9
MANAGEMENT DISCUSSION AND ANALYSIS .....	11

**BASIC FINANCIAL STATEMENTS**

**EXHIBITS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS:**

A STATEMENT OF NET ASSETS.....	21
B STATEMENT OF ACTIVITIES.....	22

**FUND FINANCIAL STATEMENTS:**

C BALANCE SHEET - GOVERNMENTAL FUNDS.....	23
D STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS .....	24
E RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES .....	25
F STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND.....	26
G STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SCHOOL UNRESTRICTED FUND .....	27
H STATEMENT OF NET ASSETS - PROPRIETARY FUNDS.....	28

CITY OF NEWPORT, RHODE ISLAND  
TABLE OF CONTENTS (CONTINUED)

---

<u>EXHIBITS</u>	<u>PAGE</u>
I STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS .....	29
J STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS.....	30
K STATEMENT OF FIDUCIARY NET ASSETS .....	31
L STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS.....	32
M NOTES TO BASIC FINANCIAL STATEMENTS .....	33
 <b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
SCHEDULE OF FUNDING PROGRESS .....	74
SCHEDULE OF EMPLOYER CONTRIBUTIONS .....	75
 <b><u>SCHEDULES</u></b>	
<b><u>SUPPLEMENTAL SCHEDULES</u></b>	
<b><u>GENERAL FUND:</u></b>	
1 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL .....	76
2 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL .....	78
 <b><u>NONMAJOR GOVERNMENTAL FUNDS:</u></b>	
3 COMBINING BALANCE SHEET .....	79
4 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES .....	81
 <b><u>NONMAJOR PROPRIETARY FUNDS:</u></b>	
5 COMBINING STATEMENT OF NET ASSETS .....	83
6 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS.....	84
7 COMBINING STATEMENT OF CASH FLOWS.....	85

CITY OF NEWPORT, RHODE ISLAND  
TABLE OF CONTENTS (CONTINUED)

---

<u>SCHEDULES</u>	<u>PAGE</u>
<u>FIDUCIARY FUNDS:</u>	
8 COMBINING STATEMENT OF FIDUCIARY NET ASSETS .....	86
9 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS .....	88
10 AGENCY FUNDS - COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES .....	90
<u>CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS:</u>	
11 CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS .....	91
12 SCHEDULE BY FUNCTION AND ACTIVITY .....	92
13 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY .....	93

CITY OF NEWPORT, RHODE ISLAND  
TABLE OF CONTENTS (CONTINUED)

---

TABLE

PAGE

STATISTICAL SECTION

1	NET ASSETS BY COMPONENT.....	94
2	CHANGES IN NET ASSETS .....	95
3	FUND BALANCES, GOVERNMENTAL FUNDS .....	97
4	CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS .....	98
5	ASSESSED AND ACTUAL VALUES OF TAXABLE PROPERTY.....	99
6	PRINCIPAL PROPERTY TAXPAYERS.....	100
7	PROPERTY TAX LEVIES AND COLLECTIONS .....	101
8	RATIOS OF OUTSTANDING DEBT BY TYPE.....	102
9	RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING .....	103
10	LEGAL DEBT MARGIN INFORMATION .....	104
11	PLEDGED REVENUE COVERAGE.....	105
12	DEMOGRAPHIC AND ECONOMIC STATISTICS .....	106
13	PRINCIPAL EMPLOYERS .....	107
14	FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM .....	108
15	OPERATING INDICATORS BY FUNCTION/PROGRAM.....	109
16	CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM .....	110

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## **Introductory Section**

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THE CITY OF NEWPORT, RHODE ISLAND – AMERICA'S FIRST RESORT

December 1, 2006

To the Honorable Mayor, Councilors, and Citizens of the City of Newport, Rhode Island:

State law requires that all general purpose local governments publish within six months of the close of each fiscal year (June 30) a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Newport, Rhode Island as of and for the fiscal year ended June 30, 2006.

This report consists of management's representations concerning the finances of the City of Newport, Rhode Island. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Newport, Rhode Island has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Newport, Rhode Island's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Newport, Rhode Island's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Newport, Rhode Island's financial statements have been audited by Kostin, Ruffkess & Company, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Newport, Rhode Island for the fiscal year ended June 30, 2006, were free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors' concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion that the City of Newport, Rhode Island's financial statements as of and for the fiscal year ended June 30, 2006, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Newport, Rhode Island was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Newport, Rhode Island's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Newport, Rhode Island's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

The City of Newport, Rhode Island (City), founded in 1639, incorporated in 1784 and re-chartered in 1853, is located at the southern end of Aquidneck Island in Narragansett Bay, about 30 miles southeast of Rhode Island's capital of Providence. The City is bounded by the Atlantic Ocean on the east and south and Narragansett Bay on the west. The City is 11 square miles in size, with 7.7 square miles of land and 3.3 squares miles of inland water. The City has a year-round population of about 27,000, which grows substantially during the summer months. The City is also visited by over 4,000,000 people annually.

The City operates under a Home Rule Charter providing for a council/city manager form of government. There is a seven-member City Council serving two-year terms, headed by its Chairperson, who is elected by the at large City Councilors and also holds the title of Mayor. Four of the Councilors are elected at large and three from voting wards. All legislative powers of the City are vested in the City Council by the Charter, including the ordering of any tax, making appropriations, and transacting any other business pertaining to the financial affairs of the City. The City Council is also responsible for passing ordinances, adopting the budget, appointing committees and hiring the City Manager, City Solicitors, Municipal Judges and Canvassing Clerk. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government, and for appointing all other employees.

An elected seven-member School Committee, all at large and serving two-year terms, is vested with autonomous legislative authority over the public school system. The School Committee appoints the Superintendent of Schools as the chief executive officer for the school system. The school system provides elementary and primary education to City residents and vocational programs to other Newport County residents.

Municipal services include public safety; potable water and wastewater collection, treatment and distribution; solid waste and recyclables collection and disposal; street and sidewalk maintenance; beach, harbor, recreation, tourism and parking operations; and planning, zoning and economic development functions.

The accompanying basic financial statements present the government and its component units. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or for which the nature and significance of its relationship is such that exclusion would lead the primary government's financial statements to be misleading or incomplete. The City identifies and includes two component units; the Newport Public Library and the Redevelopment Agency of Newport. Additional information on these agencies can be found in Note I in the notes to the basic financial statements.

The annual budget serves as the foundation for the City's financial planning and control. All departments, the Newport Public Schools and the Newport Public Library are required to submit requests for appropriations to the City Manager by May 14<sup>th</sup> of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City manager then presents the proposed budget to the City Council for review no later than 45 days prior to June 30. The Council is required to hold 2 public hearings on the proposed budget and to adopt a final budget no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g. public safety) and department. Department heads may make transfers of appropriations within a department with City Manager approval. Transfers of appropriations between departments, however, require the approval of the City Council. Budget-to-actual comparisons are provided in this report for the general fund and the school unrestricted fund.

## **Factors Affecting Financial Condition**

The information presented in the basic financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

### *Local economy*

From its early years when commerce involved the whale-oil trade to today's highly sophisticated research in electronic submarine warfare, the seaport has continued to play a vital role in Newport's economy. The U.S. Navy, beginning with the founding of the Naval War College in 1884, influenced the development of the City and continues to do so as one of the major contributors to the local economy.

Newport's location, natural and cultural resources, and sense of history are responsible for the growth of tourism into a primary source of revenue. The third largest economic factor in Newport, the service sector, benefits from both the defense and tourism industries. As the State's principal tourist center and resort community, Newport is visited annually by millions of tourists who attend special events, sail and view the City's mansions and other attractions. The City's popularity has stimulated significant private investment in retail shopping facilities, hotels, timeshare units, restaurants, clubs and other tourist-oriented enterprises.

The personal income per capita in 2005 for Newport County is \$41,158 compared to \$35,219 and \$34,495 for Rhode Island and the United States, respectively. The unemployment rate is 4.2% compared to the state unemployment rate of 5.0%. The median selling price of an existing home in 2005 is \$400,000, an amount that has doubled in 5 years. The City is attracting older retired residents and empty-nesters as well as tourists. The value of property is expected to continue to grow at the rate of 5-15%. The tourist industry remained stable in 2006 and is expected to remain healthy.

### *Long-term financial planning*

The City Council has focused redevelopment efforts in the City's north end with the assistance of federal and state grants, namely a HOPE VI grant to rebuild outdated housing. The Council will continued efforts in this area and will also focus on redeveloping the old naval hospital and some commercial property in the north end. Additional renovation is planned or in progress for the City's downtown historic Washington Square and Long-Wharf area. These renovation and development initiatives include plans to address parking and traffic issues.

Long-term financial planning also includes significant capital renovation and additions in both the Water and Water Pollution Control (sewer) funds in response to new state and federal water quality standards and deteriorating buildings and systems. Cost estimates range from \$50M to \$75M to address these areas. Funds will likely come from a variety of sources including state subsidized revenue bonds, grants, regionalization of facilities and rates.

The current 5-year capital plan includes possible general obligation bond funds to rebuild and repair roadways and sidewalks, in accordance with a pavement management program developed within the last two years. This cost is estimated at about \$12M.

### *Cash management policies and practices*

Temporarily idle cash is invested in government money market funds that are fully collateralized, in certificates of deposit and in U.S. treasury obligations. The maturities of investments range mostly from 1 day to 5 years, with a weighted average maturity of 1.395 months on the certificates of deposit. The average yield on investments was 5% for the City, and 14% for pension funds. The higher rate for the pension funds is attributable to the long-term character of most of its investment holdings. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

### *Pension and other postemployment benefits*

The City sponsors two single-employer defined benefit pension plans for police and fire employees. Each year, an independent actuary engaged by the pension plans calculates the amount of the annual contribution that the City must make to the pension plans to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contributions to the pension plans as determined by the actuary. The City also fully funds the calculation by the actuary of the annual amortization of the unfunded actuarially accrued liability. The liability is being amortized over a closed 30-year period. The City is in the 26<sup>th</sup> year (declining to 1). The plans are currently funded at 37% for the fire plan and 59% for the police plan.

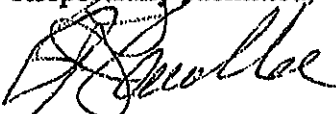
The City also provides pension benefits for its non-public safety employees through a state-wide plan managed by the State Treasurer. The state-hired actuaries determine the funding level and unfunded actuarially accrued liability for each individual participating employer. The City is 79% funded in the State's municipal employees' retirement plan. The State of Rhode Island provides pension benefits to the City of Newport school teachers.

The City also provides postretirement health coverage for all vested retirees, certain dependents and beneficiaries and life insurance benefits to police retirees and teachers. Vesting and participation is determined by bargaining contract and varies by length of employment and type of employment. As of June 30, 2006, 431 retirees were eligible to receive health and life insurance benefits, which are currently financed on a pay-as-you-go basis. The City has received an actuarial calculation of the combined municipal and school liability as of July 1, 2005. That estimate is \$123M. The City Council has approved the formation of a Trust to accumulate assets for the payment of other post-employment benefits in the future. An initial appropriation to the Trust was made in fiscal year 2006. Retiree benefits and various options are currently being studied in order to reduce the liability.

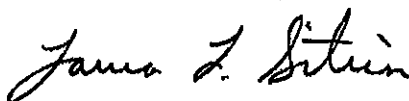
Additional information on the City's pension arrangements and postemployment benefits can be found in Notes IV K. and IV L. in the notes to the basic financial statements.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department. Credit also must be given to the Mayor and City Council for their unfailing support for achieving and maintaining the highest standards of professionalism in the management of the City of Newport's finances.

**Respectfully submitted,**

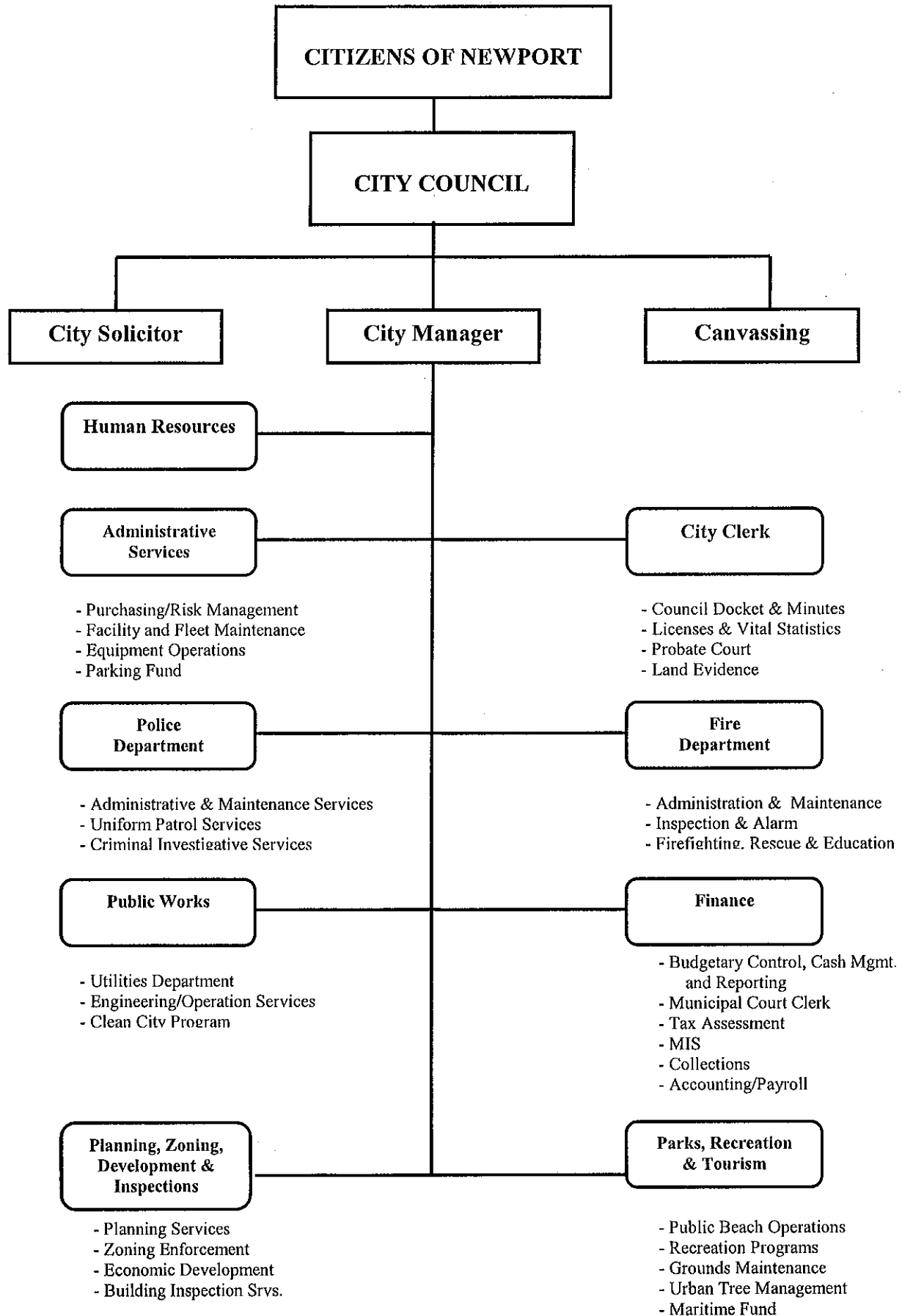


**Edward F. Lavallee**  
City Manager

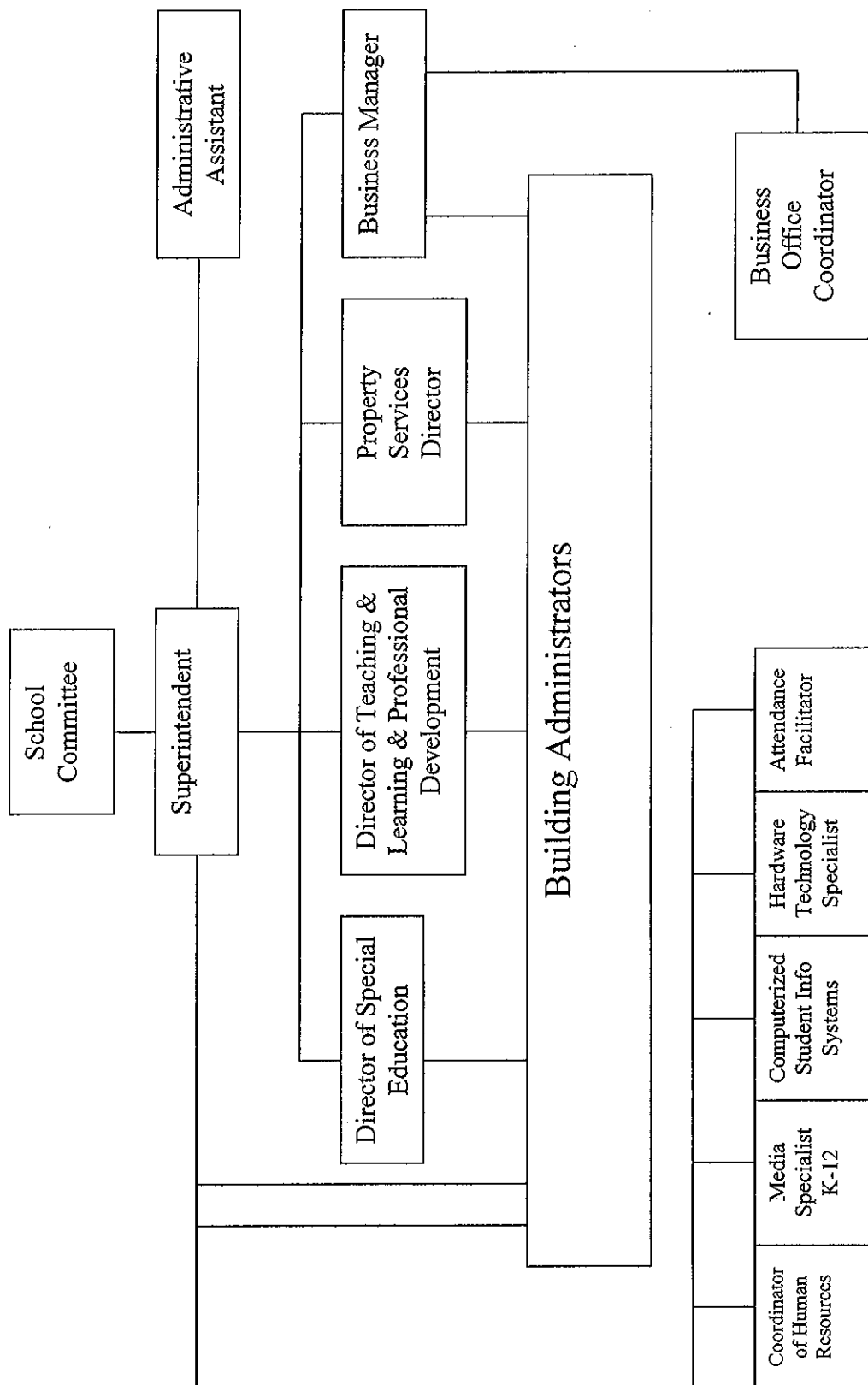


**Laura L. Sitrin, CPA**  
Director of Finance

# THE CITY OF NEWPORT, RI



# NEWPORT PUBLIC SCHOOLS



CITY OF NEWPORT, RHODE ISLAND

PRINCIPAL ELECTED AND APPOINTED OFFICIALS

---

ELECTED OFFICIALS:

Honorable John J. Trifero  
Charles Y. Duncan  
Stephen C. Waluk  
Colleen A. McGrath  
Mary C. Connolly  
Jeanne-Marie Napolitano  
Stephen R. Coyne  
Dr. Charles P. Shoemaker  
J. Eva Gaines  
Dr. O. William Hilton, Jr.  
Hugo J. DeAscentis, Jr.  
David R. Carlin  
Robert J. Leary  
Thomas S. Phelan

Mayor  
1st Ward Councilor  
2nd Ward Councilor  
3rd Ward Councilor  
Councilor At Large  
Councilor At Large/Vice-Chairman  
Councilor At Large  
School Committee Chair  
School Committee  
School Committee  
School Committee  
School Committee  
School Committee/Vice Chair  
School Committee

PRINCIPAL APPOINTED OFFICIALS:

Edward F. Lavallee  
Laura L. Sitrin  
John H. Ambroggi, Ed.D.  
Michael Saunders  
Joseph J. Nicholson Jr.  
Julia Fogue  
Edward Draper  
Paige Bronk  
Charles Golden  
Edward McCarthy  
Susan Cooper

City Manager  
Director of Finance  
Superintendent of Schools  
School Business Manager  
City Solicitor  
Director of Public Works  
Director of Administrative Services  
Director of Planning  
Police Chief  
Fire Chief  
Director of Parks/Recreation

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Newport,  
Rhode Island

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Carla E. Perry*

President

*Jeffrey R. Emer*

Executive Director



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## **Financial Section**

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**KOSTIN,  
RUFFKESS  
& COMPANY, LLC**

Business Advisors and Certified Public Accountants

Farmington • New London  
Springfield, MA

New London Mall, Atrium Offices  
351 North Frontage Road  
Suite A220  
New London, CT 06320-2628

Main Line: (860) 442-4373  
Toll Free: (888) 666-KRCO  
Fax: (860) 442-1124  
Web: [www.kostin.com](http://www.kostin.com)

### INDEPENDENT AUDITORS' REPORT

Members of City Council  
City of Newport, Rhode Island

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newport, Rhode Island, as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newport, Rhode Island, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and school unrestricted fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 1, 2006 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Schedules of Funding Progress - Newport Retirement Systems on pages 11 through 20 and pages 74 through 75, respectively, are not a required part of the basic financial statements but are supplementary information required by Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

City of Newport, Rhode Island  
Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newport, Rhode Island's basic financial statements. The introductory section and the accompanying financial information listed as supplemental schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements and other schedules as listed in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Kostin, Ruffness & Company, LLC*

New London, Connecticut  
December 1, 2006

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2006**

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As management of the City of Newport, we offer readers of the City of Newport's financial statements this narrative overview and analysis of the financial activities of the City of Newport for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the Introductory section of this report.

### **Financial Highlights**

- The assets of the City of Newport exceeded its liabilities at the close of the most recent fiscal year by \$150,983,823 (*net assets*).
- The government's net assets increased by \$5,051,132. Governmental activities net assets increased by \$2,101,489 due primarily to increases in real property taxes, a decrease in operating expenses and the recording of the City's Net Other Post-Employment Benefit Obligation. Business-type activities had an increase of \$2,949,643 in net assets due to increased revenues in all of the business-type activities.
- At June 30, 2006, the City of Newport's governmental funds reported a combined ending fund balance of \$23,775,004, an increase of \$717,488 in comparison to the prior year fund balance. Approximately 90% of this amount, \$21,315,803 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$4,098,720, or 6% of total general fund expenditures and net other financing uses.
- The City of Newport's long-term liabilities net decrease of \$103,454 (.18%) was attributable to the scheduled repayment of debt and the settlement of claims and judgments and to the recording of the City's Net Other Post-Employment Benefit Obligation.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the City of Newport's basic financial statements. The City of Newport's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

### **Government-wide financial statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Newport's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of Newport's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Newport is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g, uncollected taxes and earned but unused vacation leave).

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

---

### **Government-wide financial statements (continued)**

Both of the government-wide financial statements distinguish functions of the City of Newport that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Newport include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation. The business-type activities of the City of Newport include water utilities, sewer utilities (water pollution control utilities), parking facilities, harbor facilities and Easton's Beach operations.

The government-wide financial statements include not only the City of Newport itself (known as the primary government), but also a legally separate redevelopment agency and a legally separate public library for which the City of Newport is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on Exhibit A and B of this report.

### **Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Newport uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Newport can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

#### *Governmental funds*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Newport maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the school unrestricted fund, the community development act fund, and the capital projects fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is included on Schedules 3 and 4 of this report.

The City of Newport adopts an annual budget for its general fund and its school unrestricted fund. Budgetary comparison statements have been provided for the general fund and the school unrestricted fund to demonstrate compliance with their budgets.

The basic governmental fund financial statements can be found on Exhibits C and D of this report.

### **Fund financial statements (continued)**

#### *Proprietary funds*

The City of Newport maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Newport uses enterprise funds to account for its water operations, water pollution control operations, parking operations, beach operations and its maritime (harbor) operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Newport's various functions. The City of Newport uses an internal service fund to account for its fleet and equipment maintenance operations. Because this fund predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements .

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water utilities fund and for the water pollution control operation, both of which are considered to be major funds of the City of Newport. The parking operations fund, maritime fund and beach fund are combined into a single, aggregated presentation in the proprietary fund financial statements. The internal service fund is presented separately in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on Exhibit H, I and J of this report.

#### *Fiduciary funds*

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Newport's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on Exhibits K and L of this report.

#### *Notes to the financial statements*

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on Exhibit M of this report.

#### *Other information*

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Newport's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds and proprietary funds are presented immediately following the required supplementary information on pensions.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Newport, assets exceeded liabilities by \$150,983,823 at the close of the most recent fiscal year.

By far the largest portion of the City of Newport's net assets (84%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Newport uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Newport's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Newport's Net Assets

	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 45,825,875	\$ 38,572,008	\$ 11,425,768	\$ 10,305,308	\$ 57,251,643	\$ 48,877,316
Capital assets	63,693,736	60,837,980	102,496,444	102,415,667	166,190,180	163,253,647
Total assets	109,519,611	99,409,988	113,922,212	112,720,975	223,441,823	212,130,963
Long-term liabilities	35,953,344	35,251,728	16,709,032	18,286,300	52,662,376	53,538,028
Other liabilities	15,101,091	14,191,994	4,694,533	4,865,671	19,795,624	19,057,665
Total liabilities	51,054,435	49,443,722	21,403,565	23,151,971	72,458,000	72,595,693
Net assets:						
Invested in capital assets, net						
of related debt	43,072,452	39,024,226	84,210,144	85,773,241	127,282,596	124,797,467
Restricted	9,991,204	12,664,063	4,401,342	3,624,058	14,392,546	16,288,121
Unrestricted	5,401,520	(1,722,023)	3,907,161	171,705	9,308,681	(1,550,318)
Total net assets	\$ 58,465,176	\$ 49,966,266	\$ 92,518,647	\$ 89,569,004	\$ 150,983,823	\$ 139,535,270

An additional portion of the City of Newport's net assets (11%) represents resources that are restricted by external parties.

The City's net assets increased by \$5,051,132 during the current fiscal year. This increase is primarily due to the degree to which increases in ongoing revenues have outstripped increases in ongoing expenses.

### Governmental Activities

Governmental activities net assets increased by \$2,101,489. A comparison of FY2006 and FY2005 activity can be found on the next page which indicates increases in property tax revenue of \$1,976,804 and in charges for services of \$1,134,179. Property tax revenue increased because of an increase in the tax rates of 4.15%. Tax revenues were budgeted to increase by approximately \$3,800,000, however tax revenues while increased from last year, were about \$2,000,000 less than anticipated due primarily to timeshare tax settlements. Charges for services increased due to an increase of approximately \$400,000 in parking ticket and rescue service fees. Parking ticket fines were increased in FY2006. Charges for services also increased by 150,000 in special detail fees due to an increase in rates and by \$460,000 in building and building related permits. The City increased permit fees in the middle of FY2005 and has received a full year of permit fees at the new rates. Expenses actually increased in total by \$1,773,754. Significant factors in this increase was the recording of the City's Net Other Post-Employment Benefit Obligation (OPEB) of \$4,235,568 and the recording of expenses related to Teachers' retirement plan contributions recognized in the School Unrestricted Fund for contributions made by the State on-behalf of the City's teachers of \$1,157,934. Eliminating the effect of the OPEB expense and the on-behalf payment, expenses decreased by approximately 3,500,000 with all of it attributable to general government expenses. The City administration implemented a freeze during the last two months of the fiscal year on all expenses except for those that were absolutely necessary.



# MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

## Government-wide Financial Analysis (continued)

### Governmental Activities (continued)

This led to a reduction in general government departmental expense of about \$500,000, and allowed most other departmental expenses to remain about the same as last year. There were additional reductions in self-insurance and salary reserves for contract settlement of close to \$1,000,000, and reductions in claims and judgments of \$1,800,000.

#### City of Newport's Changes in Net Assets

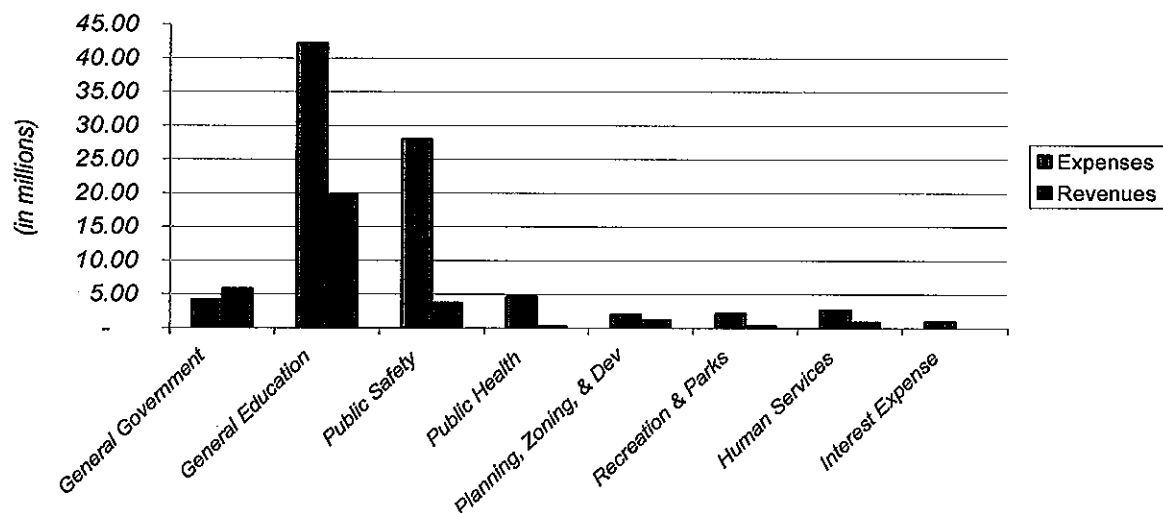
	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 10,274,310	\$ 9,140,131	\$ 18,549,077	\$ 14,957,887	\$ 28,823,387	\$ 24,098,018
Operating grants and contributions	21,538,064	21,236,496			21,538,064	21,236,496
Capital grants and contributions	1,170,076	846,754			1,170,076	846,754
General revenues:						
Property taxes	54,833,897	52,857,093			54,833,897	52,857,093
Grants and contributions not restricted to specific programs	4,614,794	4,059,353			4,614,794	4,059,353
Investment income	1,425,620	1,133,676	175,220	98,797	1,600,840	1,232,473
Miscellaneous revenues	133,494	135,206			133,494	135,206
Capital contributions				200,863	-	200,863
Transfers from primary government		(190,692)		(10,171)	-	(200,863)
Total revenues	93,990,255	89,218,017	18,724,297	15,247,376	112,714,552	104,465,393
Expenses:						
General government	4,813,766	8,733,378			4,813,766	8,733,378
General education	45,460,092	42,003,803			45,460,092	42,003,803
Public safety	29,249,707	27,848,257			29,249,707	27,848,257
Public health	4,564,130	4,664,543			4,564,130	4,664,543
Planning, zoning and development	1,994,692	1,681,628			1,994,692	1,681,628
Recreation and parks	2,121,346	1,773,421			2,121,346	1,773,421
Human services	2,817,926	2,520,398			2,817,926	2,520,398
Interest expense	867,107	889,584			867,107	889,584
Water			7,225,730	7,135,764	7,225,730	7,135,764
Water pollution control			6,781,706	7,050,859	6,781,706	7,050,859
Nonmajor business-type			1,767,218	1,577,702	1,767,218	1,577,702
Total expenses	91,888,766	90,115,012	15,774,654	15,764,325	107,663,420	105,879,337
Increase (decrease) in net assets	2,101,489	(896,995)	2,949,643	(516,949)	5,051,132	(1,413,944)
Net assets July 1 (Restated)	56,363,687	50,863,261	89,569,004	90,085,953	145,932,691	140,949,214
Net assets June 30	\$ 58,465,176	\$ 49,966,266	\$ 92,518,647	\$ 89,569,004	\$ 150,983,823	\$ 139,535,270

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

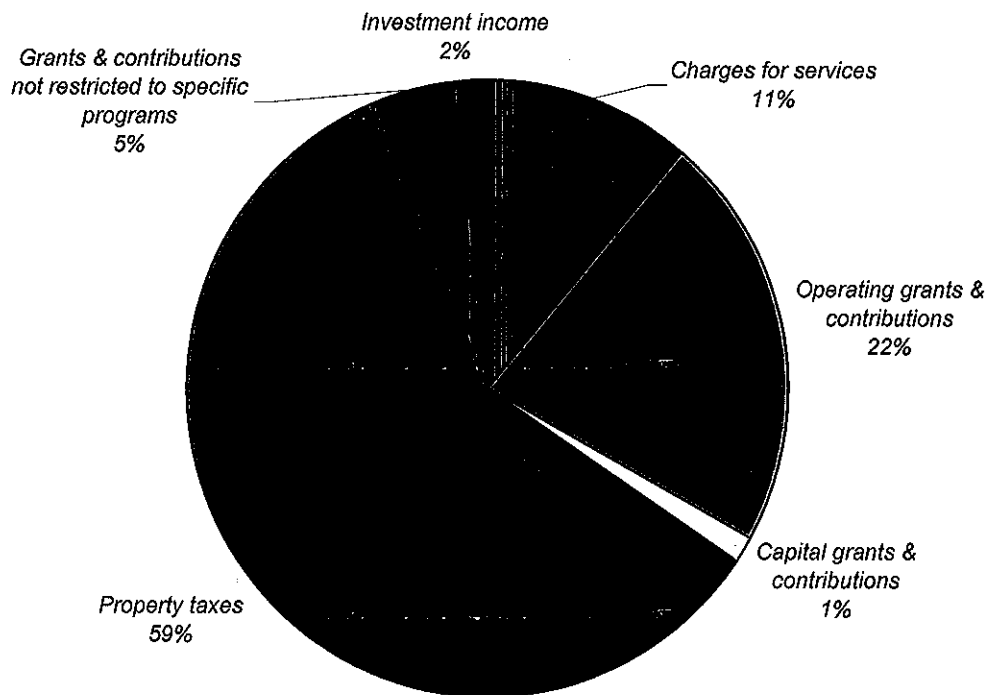
### Government-wide Financial Analysis (continued)

#### Governmental Activities (continued)

### **Expenses and Program Revenues - Governmental Activities**



### **Revenues by Source - Governmental Activities**



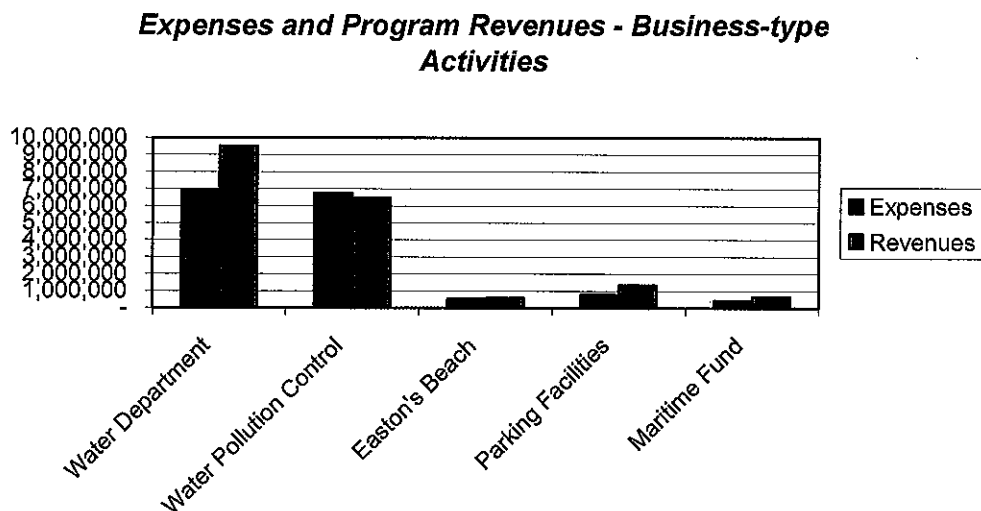
## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Government-wide Financial Analysis (continued)

#### Business-type activities

Business-type activities net assets increased by \$2,949,643. Most of the increase (\$1,675,000) is due to an increase in water rates of 20.48% effective in January 2006. The Parking Fund received \$361,000 in federal revenue for Gateway Center renovations; a phase-in of revenue to the new Maritime Fund was completed in FY2005 leading to an increase of \$180,000 of revenue in that fund; and the Water Pollution Control Fund received a full year of industrial pretreatment fees and increased revenues from the Navy and Middletown due to increased usage for a total of \$575,000.

The Water Fund had net income of \$2,368,775 for the year ended June 30, 2006, the Water Pollution Control Fund had a slight deficit of \$277,033 and the non-major proprietary funds had net income of \$857,901 with all individual funds showing a net income.



### Financial Analysis of the City's Funds

As noted earlier, the City of Newport uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental funds

The focus of the City of Newport's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Newport's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Newport's governmental funds reported combined ending fund balances of \$23,775,004, an increase of \$717,488 in comparison with the prior year fund balance. Most of this total amount (\$21,315,803) constitutes unreserved fund balance, which is available for spending at the City's discretion or in accordance with grant and donor restrictions. The remainder of fund balance (\$2,459,201) is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### **Financial Analysis of the City's Funds (continued)**

#### **Governmental funds (continued)**

The General Fund is the operating fund of the City of Newport. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$4,098,720, while total fund balance was \$5,355,148. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and operating transfers out. Unreserved fund balance represents 6% of total General Fund expenditures and operating transfers, while total fund balance represents 8% of that same amount.

The fund balance of the City of Newport's General Fund increased by \$310,143. The City Council budgeted an addition to fund balance in FY2006 of \$1,500,000. In actuality, only \$310,143 is the addition to fund balance. This is due to significant tax settlements (\$1.5 million for timeshares) which reduced tax revenues and settlement of the police contract with an accrual for retroactive pay. The reduction in tax revenues was partially offset by reduced expenditures in order to meet revised revenue estimates. Money has been appropriated in the FY2007 budget to restore fund balance to a higher level. Key factors in this year's operations are as follows:

An increase in the property tax rate (4.15%) was anticipated to increase tax revenues by \$3,000,000 over prior year's actual property tax revenue. Property tax revenue was higher than FY2005, but \$2,500,000 less than budgeted. The lower revenues resulted from the settlement of tax claims with about \$1,500,000 abated to timeshares. This shortfall was offset by expenditure savings of close to \$2,000,000 with most of that coming from savings in self-insurance and salary reserves.

The school unrestricted fund had an increase in fund balance of \$1,319,744. The increase was due to lower than expected spending in the categories of salaries and benefits for support staff and substitutes, in lower than anticipated spending for purchased professional and technical services, and in special education tuitions.

#### **Proprietary funds**

The City of Newport's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water Fund at the end of the year amounted to a deficit of (\$2,236,892), an addition of \$2,990,218 to unrestricted fund balance in FY2006 resulting from an increase in rates.

Unrestricted net assets of the Water Pollution Control Fund at the end of the year amounted to (\$1,303,534), for the parking operations \$4,407,287, for the Maritime Fund \$381,319 and for the Easton's Beach operation \$51,913. The total growth in net assets for the Water Fund was \$2,368,775, for the Water Pollution Control Fund a loss of \$277,033, for the parking operations \$564,785, for the Maritime Fund \$233,168 and for Easton's Beach \$59,948. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Newport's business-type activities.

#### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were due to budgetary carryovers from fiscal year 2005 of \$1,159,119, a Council approved increase to expenditures of \$457,666 as a transfer to the OPEB Trust Fund, and a Council approved reduction in expenditures of \$345,500 in response to a mid-year projected shortfall in revenues.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Financial Analysis of the City's Funds (continued)

#### Capital Asset and Debt Administration

##### Capital Assets

The City of Newport's investment in capital assets for its governmental and business-type activities as of June 30, 2006 is \$166,190,180 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and systems, machinery and equipment, vehicles, infrastructure and construction in progress. There was a total increase in the City of Newport's combined investment in capital assets for the current fiscal year of 2.0%. Individually, governmental activities had a 4.7% increase and business-type activities had a 1% increase.

Major capital asset events during the current fiscal year included the following:

- \$1,612,183 was spent on road reconstruction and repairs.
- \$509,119 was spent on repairs to City owned buildings, and \$634,162 was spent on parks and recreation facilities improvements and upgrades.
- \$2,305,918 of additions were made to water infrastructure, mains, buildings and pump stations.
- \$728,405 in renovations were made to parking facilities, primarily the Gateway Center. \$361,000 of these were funded with federal grant monies.

##### City of Newport's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 2,348,013	\$ 2,348,013	\$ 6,330,524	\$ 6,172,190	\$ 8,678,537	\$ 8,520,203
Construction in progress	820,625	473,129	946,043	749,963	1,766,668	1,223,092
Land improvements	5,914,197	5,357,104	-	-	5,914,197	5,357,104
Buildings & systems	24,425,703	24,171,467	94,634,760	94,905,202	119,060,463	119,076,669
Machinery & equipment	2,620,532	2,655,832	582,378	567,168	3,202,910	3,223,000
Vehicles	2,295,962	2,215,799	2,739	21,142	2,298,701	2,236,941
Infrastructure	25,268,704	23,616,636	-	-	25,268,704	23,616,636
Total	\$ 63,693,736	\$ 60,837,980	\$ 102,496,444	\$ 102,415,665	\$ 166,190,180	\$ 163,253,645

Additional information on the City of Newport's capital assets can be found in Exhibit M IV C.

##### Long-term debt

At the end of the current fiscal year, the City of Newport had total bonded debt outstanding of \$38,907,582. Of this amount, \$27,368,534 comprises debt backed by the full faith and credit of the government. The remainder of the City of Newport's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

##### City of Newport's Outstanding Debt General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
General Obligation Bonds	\$ 20,621,283	\$ 21,813,754	\$ 6,747,251	\$ 8,224,782	\$ 27,368,534	\$ 30,038,536
Revenue Bonds	-	-	11,539,048	12,041,702	11,539,048	12,041,702
Total	\$ 20,621,283	\$ 21,813,754	\$ 18,286,299	\$ 20,266,484	\$ 38,907,582	\$ 42,080,238

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### **Financial Analysis of the City's Funds (continued)**

### **Capital Asset and Debt Administration (continued)**

#### **Long-term debt (continued)**

The City of Newport's total bonds decreased by \$3,172,656 (7.5%) during the current fiscal year due to scheduled repayments.

The City of Newport maintains an "Aa3" rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may have outstanding to 3% of its assessed property values. The current debt limitation for the City is \$107,804,171, which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City of Newport's long-term debt can be found in Exhibit M Note IV E of this report.

### **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for the City of Newport is currently 4.7%, which is an increase of 1% from a rate of 3.7% a year ago. This compares favorably to the state's average unemployment rate of 5.5% and is about equal with the national average rate of 4.6%.
- The occupancy rate of the government's central business district has remained at 99% for the past three years.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Newport's budget for the 2007 fiscal year.

Unreserved fund balance in the General Fund at June 30, 2006 is \$4,098,720, which is lower than the City's fiscal policy of maintaining 10% of total General Fund expenditures and operating transfers out as a reserve. The City of Newport has appropriated \$1,000,000 of next year's revenues to put back into fund balance.

The Water Pollution Control Fund's rates did not change for the 2007 budget year. The Water Fund rates are controlled and set by the Rhode Island Public Utilities Commission. The City has not requested a rate increase for FY2007 as of this date, although a rate filing is being prepared.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Newport's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Laura Sitrin, City of Newport, 43 Broadway, Newport, Rhode Island 02840.

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# **Basic Financial Statements**

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## CITY OF NEWPORT, RHODE ISLAND

STATEMENT OF NET ASSETS  
JUNE 30, 2006

	PRIMARY GOVERNMENT			COMPONENT UNITS	
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	NEWPORT PUBLIC LIBRARY	REDEVELOPMENT AGENCY OF NEWPORT
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 9,850,814	\$ 5,469,478	\$ 15,320,292	\$ 365,351	\$ 87,153
Investments	12,635,732		12,635,732	424,917	
Receivables (net)	5,125,301	3,819,696	8,944,997	4,918	4,200
Internal balances (advances)	2,924,874	(2,924,874)	-		
Inventories		345,008	345,008		
Other	40,501	315,118	355,619	12,521	
Total current assets	30,577,222	7,024,426	37,601,648	807,707	91,353
Noncurrent assets:					
Restricted assets:					
Temporarily restricted, Cash and cash equivalents		4,401,342	4,401,342		
Permanently restricted, Investments	8,409,972		8,409,972		
Receivables (net)	1,228,909		1,228,909		
Pension asset	5,609,772		5,609,772		
Capital assets not being depreciated	3,168,638	7,276,564	10,445,202		
Capital assets (net of accumulated depreciation)	60,525,098	95,219,880	155,744,978	6,215,459	477,238
Total noncurrent assets	78,942,389	106,897,786	185,840,175	6,215,459	477,238
<b>TOTAL ASSETS</b>	<b>109,519,611</b>	<b>113,922,212</b>	<b>223,441,823</b>	<b>7,023,166</b>	<b>568,591</b>
<b>LIABILITIES</b>					
Current liabilities:					
Cash overdraft	7,594,706		7,594,706		
Accounts payable	3,042,713	1,616,379	4,659,092	154,793	
Accrued expenses	1,780,167	1,085,934	2,866,101	7,209	
Unearned revenue	124,725		124,725		
Other liabilities	241,511		241,511		
Total current liabilities	12,783,822	2,702,313	15,486,135	162,002	-
Noncurrent liabilities:					
Due within one year	2,317,269	1,992,220	4,309,489	8,750	323,034
Due in more than one year	35,953,344	16,709,032	52,662,376	308,603	200,000
Total noncurrent liabilities	38,270,613	18,701,252	56,971,865	317,353	523,034
<b>TOTAL LIABILITIES</b>	<b>51,054,435</b>	<b>21,403,565</b>	<b>72,458,000</b>	<b>479,355</b>	<b>523,034</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	43,072,452	84,210,144	127,282,596	6,084,209	277,238
Restricted for:					
Endowments:					
Expendable	7,255,682		7,255,682		
Nonexpendable	1,142,270		1,142,270		
Other purposes	1,593,252	4,401,342	5,994,594	155,605	
Unrestricted	5,401,520	3,907,161	9,308,681	303,997	(231,681)
<b>TOTAL NET ASSETS</b>	<b>\$ 58,465,176</b>	<b>\$ 92,518,647</b>	<b>\$ 150,983,823</b>	<b>\$ 6,543,811</b>	<b>\$ 45,557</b>

## CITY OF NEWPORT, RHODE ISLAND

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2006

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET EXPENSES AND CHANGES IN NET ASSETS			COMPONENT UNITS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	NEWPORT PUBLIC LIBRARY	REDEVELOPMENT AGENCY OF NEWPORT
<b>PRIMARY GOVERNMENT:</b>									
<b>GOVERNMENTAL ACTIVITIES:</b>									
General government	\$ 4,813,766	\$ 4,592,923	\$ 1,158,280	\$	\$ 937,437	\$	\$ 937,437	\$	\$
General education	45,460,092	1,538,629	19,198,919	134,187	(24,588,357)		(24,588,357)		
Public safety	29,249,707	2,679,694	589,715	418,000	(25,562,298)		(25,562,298)		
Public health	4,564,130	31,560		243,422	(4,289,148)		(4,289,148)		
Planning, zoning and development	1,994,692	1,184,118	1,518		(809,056)		(809,056)		
Recreation and parks	2,121,346	96,764	8,107	225,000	(1,791,475)		(1,791,475)		
Human services	2,817,926	150,622	581,525	149,467	(1,936,312)		(1,936,312)		
Interest expense	867,107				(867,107)		(867,107)		
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>91,888,766</b>	<b>10,274,310</b>	<b>21,538,064</b>	<b>1,170,076</b>	<b>(58,906,316)</b>	<b>-</b>	<b>(58,906,316)</b>	<b>-</b>	<b>-</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>									
Water Department	7,225,730	9,514,397			2,288,667		2,288,667		
Water Pollution Control	6,781,706	6,462,089			(319,617)		(319,617)		
Parks facilities	1,767,218	2,572,591			805,373		805,373		
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>15,774,654</b>	<b>18,549,077</b>	<b>-</b>	<b>-</b>	<b>2,774,423</b>	<b>-</b>	<b>2,774,423</b>	<b>-</b>	<b>-</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 107,663,420</b>	<b>\$ 28,823,387</b>	<b>\$ 21,538,064</b>	<b>\$ 1,170,076</b>	<b>\$ (58,906,316)</b>	<b>\$ 2,774,423</b>	<b>\$ (56,131,893)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>COMPONENT UNITS:</b>									
Newport Public Library	\$ 2,305,563	\$ 113,939	\$ 1,811,378	\$	\$	\$	\$	\$ (380,246)	\$
Redevelopment Agency of Newport	83,300	47,900							(37,400)
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 2,390,863</b>	<b>\$ 161,839</b>	<b>\$ 1,811,378</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (380,246)</b>	<b>\$ (37,400)</b>
<b>GENERAL REVENUES:</b>									
Property taxes					\$ 54,833,897	\$	\$ 54,833,897	\$	\$
Grants and contributions not restricted to specific programs					4,614,794		4,614,794		
Investment income					1,425,620	175,220	1,600,840	34,551	511
Miscellaneous					133,494		133,494		
<b>TOTAL GENERAL REVENUES</b>					<b>61,007,805</b>	<b>175,220</b>	<b>61,183,025</b>	<b>34,551</b>	<b>511</b>
<b>CHANGE IN NET ASSETS</b>					<b>2,101,489</b>	<b>2,949,643</b>	<b>5,051,132</b>	<b>(345,695)</b>	<b>(36,889)</b>
<b>NET ASSETS - JULY 1, 2005 (AS RESTATED)</b>					<b>56,363,687</b>	<b>89,569,004</b>	<b>145,932,691</b>	<b>6,889,506</b>	<b>82,446</b>
<b>NET ASSETS - JUNE 30, 2006</b>					<b>\$ 58,465,176</b>	<b>\$ 92,518,647</b>	<b>\$ 150,983,823</b>	<b>\$ 6,543,811</b>	<b>\$ 45,557</b>

The notes to the financial statements are an integral part of this statement.

## CITY OF NEWPORT, RHODE ISLAND

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2006

	COMMUNITY DEVELOPMENT BLOCK GRANT FUND					CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS		TOTAL GOVERNMENTAL FUNDS
	GENERAL	SCHOOL UNRESTRICTED FUND							
<b>ASSETS</b>									
Cash	\$ 11,234,761	\$ 2,203,941	\$ 193,593	\$ 5,009,954	\$ 2,298,185	\$ 9,810,943			\$ 9,705,673
Investments									\$ 21,045,704
Receivables, net:									
Property taxes	1,645,361								1,645,361
Motor vehicle excise	1,296,840								1,296,840
Intergovernmental	389,421	96,057	274,978	473,384	1,247,284				2,481,124
Note loan			2,488,690		539,673				3,028,363
Other	471,371				470,629				942,000
Due from other funds	1,117,610				131,250				1,248,860
Advances to other funds	1,500,000				300,620				1,800,620
<b>TOTAL ASSETS</b>	<b>\$ 17,655,364</b>	<b>\$ 2,299,998</b>	<b>\$ 2,957,261</b>	<b>\$ 5,483,338</b>	<b>\$ 14,798,584</b>	<b>\$ 43,194,545</b>			
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Cash overdraft	\$ 7,554,277	\$ 255,297	\$ 99,377	\$ 741,093	\$ 240,429	\$ 7,594,706			\$ 7,594,706
Accounts payable	1,400,292	330,077			524,523	3,020,582			3,020,582
Accrued liabilities	1,081,946				2,893	1,414,916			1,414,916
Unearned revenue	2,120,246		2,729,438	280,384	1,886,508	7,016,576			7,016,576
Due to other funds	131,250					131,250			131,250
Other liabilities	212,205			29,306		241,511			241,511
<b>Total liabilities</b>	<b>12,300,216</b>	<b>585,374</b>	<b>2,828,815</b>	<b>1,050,783</b>	<b>2,654,353</b>	<b>19,419,541</b>			
Fund balances:									
Reserved for:									
Encumbrances	1,256,428	60,503			1,142,270	1,316,931			1,316,931
Unreserved, designated for, reported in:									
Subsequent year budget									
Special revenue funds		600,000				600,000			600,000
Unreserved, reported in:		360,489				360,489			360,489
General fund	4,098,720	693,632	128,446			4,098,720			4,098,720
Special revenue funds									
Capital project funds				4,432,555	3,259,878	4,081,956			4,081,956
Permanent funds									
Debt service funds					7,230,632	4,432,555			4,432,555
<b>Total fund balances</b>	<b>5,355,148</b>	<b>1,714,624</b>	<b>128,446</b>	<b>4,432,555</b>	<b>12,144,231</b>	<b>23,775,004</b>			
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 17,655,364</b>	<b>\$ 2,299,998</b>	<b>\$ 2,957,261</b>	<b>\$ 5,483,338</b>	<b>\$ 14,798,584</b>				

## AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT

## OF NET ASSETS ARE DIFFERENT BECAUSE:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. Internal service funds are used by management to charge the cost of fleet maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds (Note II)

## NET ASSETS OF GOVERNMENTAL ACTIVITIES

63,637,671	
9,436,698	
173,252	
(38,557,449)	
\$ 58,465,176	

The notes to the financial statements are an integral part of this statement.

## CITY OF NEWPORT, RHODE ISLAND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2006

	GENERAL	SCHOOL UNRESTRICTED FUND	COMMUNITY DEVELOPMENT BLOCK GRANT FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>						
Local taxes	\$ 54,767,961	\$	\$	\$	\$	\$ 54,767,961
Intergovernmental revenues	5,837,896	13,556,052	321,415	438,038	6,504,529	26,657,930
Charges for services	7,609,744		204,031	975,315	837,964	9,627,054
Use of money and property	611,110		42,832	22,610	749,068	1,425,620
Contributions					29,347	29,347
Other revenues	133,494	740,750				874,244
<b>TOTAL REVENUES</b>	<b>68,960,205</b>	<b>14,296,802</b>	<b>568,278</b>	<b>1,435,963</b>	<b>8,120,908</b>	<b>93,382,156</b>
<b>EXPENDITURES:</b>						
Current:						
General government	5,248,504				6,416,627	5,248,504
General education	26,168,258	35,947,616			638,158	42,364,243
Public safety	3,710,241					26,806,416
Public health	997,849					3,710,241
Planning, zoning and development	1,592,575				912,042	1,909,891
Recreation and parks	1,602,981				137,318	1,729,893
Human services	1,136,621		534,461		493,460	2,630,902
Pension expenditures						1,136,621
Debt service:						
Principal	1,192,470					1,192,470
Interest	838,757					838,757
Capital outlay		134,187	149,467	4,333,228	479,848	5,096,730
<b>TOTAL EXPENDITURES</b>	<b>42,488,256</b>	<b>36,081,803</b>	<b>683,928</b>	<b>4,333,228</b>	<b>9,077,453</b>	<b>92,664,668</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>26,471,949</b>	<b>(21,785,001)</b>	<b>(115,650)</b>	<b>(2,897,265)</b>	<b>(956,545)</b>	<b>717,488</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	400,000	23,277,996		3,296,171	721,361	27,695,528
Transfers out	(26,561,806)	(173,251)		(236,600)	(723,871)	(27,695,528)
<b>NET OTHER FINANCING SOURCES (USES)</b>	<b>(26,161,806)</b>	<b>23,104,745</b>	<b>-</b>	<b>3,059,571</b>	<b>(2,510)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>310,143</b>	<b>1,319,744</b>	<b>(115,650)</b>	<b>162,306</b>	<b>(959,055)</b>	<b>717,488</b>
<b>FUND BALANCES - JULY 1, 2005</b>	<b>5,045,005</b>	<b>394,880</b>	<b>244,096</b>	<b>4,270,249</b>	<b>13,103,286</b>	<b>23,057,516</b>
<b>FUND BALANCES - JUNE 30, 2006</b>	<b>\$ 5,355,148</b>	<b>\$ 1,714,624</b>	<b>\$ 128,446</b>	<b>\$ 4,432,555</b>	<b>\$ 12,144,231</b>	<b>\$ 23,775,004</b>

The notes to the financial statements are an integral part of this statement.

CITY OF NEWPORT, RHODE ISLAND

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2006

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES  
ARE DIFFERENT DUE TO:

Net Change in Fund Balances-Total Governmental Funds	\$ 717,488
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,875,318
Reductions in deferred revenue that provide current financial resources to governmental funds are not reported as revenues in the Statement of Activities.	608,099
Some expenditures requiring the use of current financial resources in governmental funds were previously accrued in the Statement of Activities and are not expenses this year.	972,032
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(4,235,568)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The amount is the net effect of these differences in the treatment of long-term debt and related items.	1,164,120
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,101,489</u>

## CITY OF NEWPORT, RHODE ISLAND

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2006

	ORIGINAL ADOPTED BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Local taxes	\$ 56,964,674	\$ 56,964,674	\$ 54,767,961	\$ (2,196,713)
Intergovernmental revenues	5,183,259	5,686,225	5,837,896	151,671
Charges for services	7,863,011	7,472,211	7,609,744	137,533
Use of money and property	500,000	500,000	611,110	111,110
Other revenues	108,000	108,000	133,494	25,494
<b>TOTAL REVENUES</b>	<b>70,618,944</b>	<b>70,731,110</b>	<b>68,960,205</b>	<b>(1,770,905)</b>
EXPENDITURES:				
General government:				
Mayor and city council	129,230	139,080	90,620	48,460
City manager	527,696	545,196	489,553	55,643
City solicitor	359,705	361,705	358,068	3,637
Canvassing	157,170	157,170	134,464	22,706
Finance	2,327,246	2,658,556	2,286,725	371,831
City clerk	524,174	640,127	559,548	80,579
Administrative services	818,707	820,707	738,752	81,955
Reserve accounts	2,900,650	3,272,427	1,718,473	1,553,954
Public safety:				
Police department	12,242,648	12,483,268	12,917,041	(433,773)
Fire department	13,132,015	13,350,815	13,284,957	65,858
Public health:				
Public works	2,014,428	2,196,135	1,955,011	241,124
Solid waste operations	1,938,043	1,942,043	1,850,219	91,824
Planning, zoning, and development	1,018,773	1,021,173	997,849	23,324
Recreation and parks	1,617,363	1,631,763	1,592,575	39,188
Human services:				
Donations	186,560	186,560	184,084	2,476
Public library	1,418,897	1,418,897	1,418,897	-
Pension expenditures	806,795	1,257,161	1,136,621	120,540
Debt service	2,165,448	2,165,448	2,031,227	134,221
<b>TOTAL EXPENDITURES</b>	<b>44,285,548</b>	<b>46,248,231</b>	<b>43,744,684</b>	<b>2,503,547</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>26,333,396</b>	<b>24,482,879</b>	<b>25,215,521</b>	<b>732,642</b>
OTHER FINANCING SOURCES (USES):				
Transfers in	400,000	400,000	400,000	-
Transfers out	(26,733,396)	(26,033,396)	(26,561,806)	(528,410)
<b>NET OTHER FINANCING SOURCES (USES)</b>	<b>(26,333,396)</b>	<b>(25,633,396)</b>	<b>(26,161,806)</b>	<b>(528,410)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES (BUDGETARY BASIS)</b>	<b>\$ -</b>	<b>\$ (1,150,517)</b>	<b>\$ (946,285)</b>	<b>\$ 204,232</b>
<b>FUND BALANCE, JULY 1, 2005</b>			<b>5,045,005</b>	
<b>FUND BALANCE, JUNE 30, 2006</b>			<b>\$ 4,098,720</b>	

The notes to the financial statements are an integral part of this statement.

## CITY OF NEWPORT, RHODE ISLAND

SCHOOL UNRESTRICTED FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL (BUDGETARY BASIS)  
 FOR THE YEAR ENDED JUNE 30, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
REVENUES:				
Federal revenues	\$ 1,559,880	\$ 1,373,307	\$ 1,144,841	\$ (228,466)
State revenues	11,084,017	11,084,017	11,253,277	169,260
Local revenues	757,700	839,329	740,750	(98,579)
TOTAL REVENUES	13,401,597	13,296,653	13,138,868	(157,785)
EXPENDITURES:				
General education	37,823,223	36,338,049	34,984,372	1,353,677
EXCESS OF EXPENDITURES OVER REVENUES	(24,421,626)	(23,041,396)	(21,845,504)	1,195,892
OTHER FINANCING SOURCES (USES):				
Transfers in	23,041,396	23,041,396	23,277,997	236,601
Transfers out			(173,251)	(173,251)
NET OTHER FINANCING SOURCES (USES)	23,041,396	23,041,396	23,104,746	63,350
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ (1,380,230)	\$ -	1,259,242	\$ 1,259,242
FUND BALANCE - JULY 1, 2005			394,879	
FUND BALANCE - JUNE 30, 2006			\$ 1,654,121	

## CITY OF NEWPORT, RHODE ISLAND

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2006

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	MAJOR FUNDS			TOTALS	INTERNAL SERVICE FUNDS
	WATER FUND	W.P.C. FUND	OTHER ENTERPRISE FUNDS		
<b>ASSETS:</b>					
Current assets:					
Cash and cash equivalents - unrestricted	\$ 232,450	\$	\$ 5,237,028	\$ 5,469,478	\$ 145,141
Accounts receivable:					
User fees (net of allowances)	1,974,324	1,800,111	30,662	3,805,097	
Other		14,599		14,599	25,446
Due from other funds	312	113,812		114,124	6,645
Inventories	345,008			345,008	40,501
Prepaid expenses		315,118		315,118	
Total current assets	2,552,094	2,243,640	5,267,690	10,063,424	217,733
Noncurrent assets:					
Cash and cash equivalent - restricted	2,375,082	2,026,260		4,401,342	
Capital assets (net of accumulated depreciation)	39,883,812	58,831,474	3,781,158	102,496,444	56,065
Total noncurrent assets	42,258,894	60,857,734	3,781,158	106,897,786	56,065
<b>TOTAL ASSETS</b>	<b>44,810,988</b>	<b>63,101,374</b>	<b>9,048,848</b>	<b>116,961,210</b>	<b>273,798</b>
<b>LIABILITIES:</b>					
Current liabilities:					
Accounts payable	921,604	671,030	23,745	1,616,379	22,131
Accrued expenses	897,945	85,183	102,806	1,085,934	78,415
Due to other funds	1,238,067	312		1,238,379	
Unearned revenues					
Current portion advances	500,000		81,416	581,416	
Current portion notes payable		37,525		37,525	
Current portion bonds payable	969,406	985,289		1,954,695	
Total current liabilities	4,527,022	1,779,339	207,967	6,514,328	100,546
Long-term liabilities:					
Advances from other funds	1,000,000		219,204	1,219,204	
Notes payable		146,056		146,056	
Bonds payable	4,140,113	12,191,492		16,331,605	
Net other post-employment benefits obligation	231,370			231,370	
Total long-term liabilities	5,371,483	12,337,548	219,204	17,928,235	-
<b>TOTAL LIABILITIES</b>	<b>9,898,505</b>	<b>14,116,887</b>	<b>427,171</b>	<b>24,442,563</b>	<b>100,546</b>
<b>NET ASSETS:</b>					
Invested in capital assets, net of related debt	34,774,293	45,654,693	3,781,158	84,210,144	56,065
Restricted	2,375,082	2,026,260		4,401,342	
Unrestricted	(2,236,892)	1,303,534	4,840,519	3,907,161	117,187
<b>TOTAL NET ASSETS</b>	<b>\$ 34,912,483</b>	<b>\$ 48,984,487</b>	<b>\$ 8,621,677</b>	<b>\$ 92,518,647</b>	<b>\$ 173,252</b>



## CITY OF NEWPORT, RHODE ISLAND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2006

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	MAJOR FUNDS		OTHER ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
	WATER FUND	W.P.C. FUND			
OPERATING REVENUES:					
User fees	\$ 8,666,654	\$ 6,462,089	\$ 2,554,326	\$ 17,683,069	\$ 1,150,337
Other revenues	847,743		18,265	866,008	
TOTAL OPERATING REVENUES	9,514,397	6,462,089	2,572,591	18,549,077	1,150,337
OPERATING EXPENSES:					
Salaries and benefits	3,384,178	129,384	801,892	4,315,454	214,920
Materials and supplies	558,800	6,115	217,862	782,777	503,819
Repairs and maintenance	373,387		57,225	430,612	258,764
Support services	149,913	3,225,841	300,302	3,676,056	122,643
Utilities	571,477	449,134	36,769	1,057,380	23,046
Administrative and other	609,498	619,864	158,166	1,387,528	7,595
Property taxes	187,181			187,181	
Depreciation	1,226,355	2,053,383	183,024	3,462,762	19,550
TOTAL OPERATING EXPENSES	7,060,789	6,483,721	1,755,240	15,299,750	1,150,337
OPERATING INCOME (LOSS)	2,453,608	(21,632)	817,351	3,249,327	-
NONOPERATING REVENUES (EXPENSES):					
Investment income	80,108	42,584	52,528	175,220	
Interest expense	(164,941)	(297,985)	(11,978)	(474,904)	
NET NONOPERATING REVENUES (EXPENSES)	(84,833)	(255,401)	40,550	(299,684)	-
NET INCOME (LOSS)	2,368,775	(277,033)	857,901	2,949,643	
TOTAL NET ASSETS - JULY 1, 2005	32,543,708	49,261,520	7,763,776	89,569,004	173,252
TOTAL NET ASSETS - JUNE 30, 2006	\$ 34,912,483	\$ 48,984,487	\$ 8,621,677	\$ 92,518,647	\$ 173,252

## CITY OF NEWPORT, RHODE ISLAND

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2006

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	MAJOR FUNDS				
	WATER FUND	W.P.C. FUND	OTHR ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers	\$ 8,389,577	\$ 6,618,329	\$ 2,621,902	\$ 17,629,808	\$ 1,222,590
Cash payments to suppliers for goods and services	(995,277)	(3,478,651)	(619,148)	(5,093,076)	(906,776)
Cash payments to employees for services	(3,094,189)	(129,384)	(762,989)	(3,986,562)	(254,028)
Payment of property taxes	(187,181)		(158,166)	(345,347)	
Payment of administrative expense	(609,498)	(617,171)		(1,226,669)	(7,595)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>3,503,432</b>	<b>2,393,123</b>	<b>1,081,599</b>	<b>6,978,154</b>	<b>54,191</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Interfund loans and transfers			30,712	30,712	
Principal paid on interfund loans and transfers	(317,955)		(76,265)	(394,220)	
<b>NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES</b>	<b>(317,955)</b>	<b>-</b>	<b>(45,553)</b>	<b>(363,508)</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition and construction of capital assets	(2,305,918)	(398,457)	(839,164)	(3,543,539)	
Proceeds from borrowings		210,000			
Principal paid on bonds, notes and loans	(995,168)	(1,011,435)		(2,006,603)	
Interest paid on bonds, notes and loans	(164,941)	(297,985)	(11,978)	(474,904)	
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(3,466,027)</b>	<b>(1,497,877)</b>	<b>(851,142)</b>	<b>(6,025,046)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Investment income	80,108	42,584	52,528	175,220	-
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(200,442)</b>	<b>937,830</b>	<b>237,432</b>	<b>974,820</b>	<b>54,191</b>
<b>CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED ASSETS) - JULY 1, 2005</b>					
	<b>2,807,974</b>	<b>1,088,430</b>	<b>4,999,596</b>	<b>8,896,000</b>	<b>90,950</b>
<b>CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED ASSETS) - JUNE 30, 2006</b>					
	<b>\$ 2,607,532</b>	<b>\$ 2,026,260</b>	<b>\$ 5,237,028</b>	<b>\$ 9,870,820</b>	<b>\$ 145,141</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ 2,453,608	\$ (21,632)	\$ 817,351	\$ 3,249,327	\$
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	1,226,355	2,053,383	183,024	3,462,762	19,550
Changes in assets and liabilities:					
Decrease (Increase) in accounts receivable	(753,781)	156,240	49,311	(548,230)	72,253
Decrease (Increase) in inventory	(68,991)			(68,991)	2,663
Decrease (Increase) in prepaid expense		307,463		307,463	(1,167)
(Decrease) Increase in accounts payable	198,643	(105,336)	(5,659)	87,648	(39,108)
(Decrease) Increase in accrued liabilities	58,619	2,693	38,903	100,215	
(Decrease) Increase in due to other funds	528,646	312	(1,331)	527,627	
(Decrease) Increase in deferred revenue	(371,039)			(371,039)	
(Decrease) Increase net other post-employment benefit obligation	231,372			231,372	
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>\$ 3,503,432</b>	<b>\$ 2,393,123</b>	<b>\$ 1,081,599</b>	<b>\$ 6,978,154</b>	<b>\$ 54,191</b>

The notes to the financial statements are an integral part of this statement.

CITY OF NEWPORT, RHODE ISLANDSTATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2006

	PENSION AND OTHER POST- EMPLOYMENT BENEFIT TRUST FUNDS	PRIVATE PURPOSE TRUST FUNDS	AGENCY FUNDS
<b>ASSETS</b>			
Cash and cash equivalents	\$ 30,153	\$ 12,335	\$ 207,231
Investments, at fair value:			
Fixed Income Mutual Funds	23,418,969	381,273	
Domestic Equity Mutual Funds	33,455,671	544,676	
International Equity Mutual Funds	10,036,701	163,403	
<b>TOTAL INVESTMENTS</b>	<b>66,911,341</b>	<b>1,089,352</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>66,941,494</b>	<b>1,101,687</b>	<b>207,231</b>
<b>LIABILITIES</b>			
Cash overdraft	1,622,905		
Accounts payable	306,090	478	
Amounts held in escrow			207,231
<b>TOTAL LIABILITIES</b>	<b>1,928,995</b>	<b>478</b>	<b>207,231</b>
<b>NET ASSETS</b>			
Held in trust for pension/OPEB benefits and other purposes	\$ 65,012,499	\$ 1,101,209	\$ -

CITY OF NEWPORT, RHODE ISLANDSTATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2006

	PENSION AND OTHER POST- EMPLOYMENT BENEFITS TRUST FUNDS	PRIVATE PURPOSE TRUST FUNDS
ADDITIONS:		
Contributions and other income:		
Employees	\$ 778,840	\$
Employer	11,223,550	
Contributions		36,232
Other income	4,742	
Total contributions and other income	12,007,132	36,232
Investment income:		
Net appreciation in fair value of investments	4,146,693	
Interest and dividends	1,150,044	90,001
Total investment income	5,296,737	90,001
Less investment expenses		3,854
Net investment income	5,296,737	86,147
TOTAL ADDITIONS	17,303,869	122,379
DEDUCTIONS:		
Benefits	11,715,417	
Administration	217,007	
Awards		25,239
TOTAL DEDUCTIONS	11,932,424	25,239
CHANGES IN NET ASSETS	5,371,445	97,140
NET ASSETS - JULY 1, 2005	59,641,054	1,004,069
NET ASSETS - JUNE 30, 2006	\$ 65,012,499	\$ 1,101,209

The notes to the financial statements are an integral part of this statement.

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## **Supplemental Schedules**

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## **General Fund**

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The general fund is the principal fund of the City and is used to account for all activities of the City, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the City (i.e., general government, public safety, public works, health, social services, recreation, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

**CITY OF NEWPORT, RHODE ISLAND**

GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
<b>PROPERTY TAXES:</b>				
Current taxes - Real Estate	\$ 50,849,674	\$ 50,849,674	\$ 48,323,203	\$ (2,526,471)
Current taxes - MV	1,780,000	1,780,000	1,775,982	(4,018)
Delinquent - Real Estate	1,000,000	1,000,000	1,144,165	144,165
Delinquent taxes - MV	100,000	100,000	109,448	9,448
Hotel occupancy tax	1,460,000	1,460,000	1,587,685	127,685
Meals and beverage tax	1,400,000	1,400,000	1,461,560	61,560
Penalties	350,000	350,000	334,494	(15,506)
Tax lien fees	25,000	25,000	31,424	6,424
<b>TOTAL PROPERTY TAXES</b>	<b>56,964,674</b>	<b>56,964,674</b>	<b>54,767,961</b>	<b>(2,196,713)</b>
<b>INTERGOVERNMENTAL REVENUES:</b>				
Telephone company tax	369,016	308,316	308,272	(44)
Police & fire education incentive	42,500	42,500	45,420	2,920
PILOT	532,363	632,176	632,176	-
General aid	1,605,723	1,963,576	1,959,634	(3,942)
MV tax phase out	1,479,322	1,585,322	1,714,712	129,390
Federal Blizzard Reimbursement				-
Federal Grant HDC Reimbursement			1,300	1,300
COPS That CARE, RI Justice Comm	1,335	1,335	1,250	(85)
Tobacco/Underage Drinking Grant	1,800	1,800	4,644	2,844
Festival Fields Grant	5,500	5,500	10,501	5,001
RI Economic Development Grant			938	938
Other State Grants	2,500	2,500		(2,500)
Misc State Grants			81,498	81,498
RI Justice Comm Network Grant	27,000	27,000		(27,000)
Governor's Highway Safety Grant	1,200	1,200	3,007	1,807
LEBEG Grant - Federal				-
Statistical Update Reimbursement	200,000	200,000	188,200	(11,800)
State Emergency Management	10,000	10,000		(10,000)
School housing aid	700,000	700,000	631,616	(68,384)
State aid - library construction	205,000	205,000	254,728	49,728
<b>TOTAL INTERGOVERNMENTAL REVENUES</b>	<b>5,183,259</b>	<b>5,686,225</b>	<b>5,837,896</b>	<b>151,671</b>
<b>CHARGES FOR SERVICES:</b>				
Computer processing fees	324,994	253,486	321,310	67,824
Police special detail	1,000,000	1,000,000	997,891	(2,109)
Planning Services			440	440
Document prep and handling	50,000	50,000	70,567	20,567
Management services	1,004,122	487,405	565,450	78,045
Community development services	56,000	56,000	106,419	50,419
Fire alarm assessments	120,000	70,000	101,784	31,784
Recycling bins	2,000	2,000	2,940	940
Recording fees	450,000	450,000	439,604	(10,396)
Conveyance tax	680,000	831,425	685,789	(145,636)
Recreation activity fees	75,000	63,000	86,552	23,552
Ballfield rentals	33,895	33,895	10,212	(23,683)
Parking tickets/rescue fees	1,750,000	1,750,000	1,472,167	(277,833)
Probate fees	52,000	52,000	55,173	3,173
Entertainment	18,000	25,000	20,720	(4,280)
General business	55,000	70,000	69,027	(973)
Hotel registration fees	7,500	7,500	7,850	350
Liquor	190,000	190,000	201,339	11,339
Mech amusement	10,000	15,000	15,575	575
Sunday selling	30,000	36,000	28,135	(7,865)
Taxi	1,000	1,000	1,175	175
Victualing	50,000	50,000	48,800	(1,200)
Animal	5,500	5,500	4,456	(1,044)
Marriage	6,000	6,000	5,160	(840)
Vendor rights	32,000	32,000	8,306	(23,694)
Building	275,000	385,000	702,550	317,550
Electrical	90,000	90,000	137,319	47,319
Mechanical	80,000	80,000	158,097	78,097
Plumbing	40,000	40,000	44,196	4,196
Road opening	40,000	40,000	28,620	(11,380)
Board of Appeals	15,000	20,000	19,437	(563)
HDC application fee	10,000	10,000	16,100	6,100
Municipal court cost assessment	200,000	200,000	179,557	(20,443)

(Continued)

CITY OF NEWPORT, RHODE ISLAND  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL (CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
CHARGES FOR SERVICES: (Continued)				
Payphone Commissions	\$	\$	\$ 2,919	\$ 2,919
Fire - sundry	40,000	20,000	4,327	(15,673)
Fire Inspection Fees	100,000	80,000	88,253	8,253
Police - sundry	15,000	15,000	15,272	272
Rental of property	130,000	130,000	92,308	(37,692)
Jai Alai and Slot Machines	750,000	750,000	772,901	22,901
Other miscellaneous	75,000	75,000	21,047	(53,953)
<b>TOTAL CHARGES FOR SERVICES</b>	<b>7,863,011</b>	<b>7,472,211</b>	<b>7,609,744</b>	<b>137,533</b>
USE OF MONEY AND PROPERTY:				
Investment interest	500,000	500,000	611,110	111,110
<b>INCOME FROM INVESTMENTS</b>	<b>500,000</b>	<b>500,000</b>	<b>611,110</b>	<b>111,110</b>
OTHER REVENUES:				
Public donations	83,000	83,000	114,677	31,677
Sale of surplus equipment	25,000	25,000	18,817	(6,183)
<b>TOTAL OTHER REVENUES</b>	<b>108,000</b>	<b>108,000</b>	<b>133,494</b>	<b>25,494</b>
<b>TOTAL REVENUES</b>	<b>70,618,944</b>	<b>70,731,110</b>	<b>68,960,205</b>	<b>(1,770,905)</b>
OTHER FINANCING SOURCES:				
Transfers in	400,000	400,000	400,000	-
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>\$ 71,018,944</b>	<b>\$ 71,131,110</b>	<b>\$ 69,360,205</b>	<b>\$ (1,770,905)</b>

(Concluded)



## CITY OF NEWPORT, RHODE ISLAND

GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
EXPENDITURES:				
General Government:				
Mayor and City Council	\$ 129,230	\$ 139,080	\$ 90,620	\$ 48,460
City Manager	527,696	545,196	489,553	55,643
City Solicitor	359,705	361,705	358,068	3,637
Canvassing	157,170	157,170	134,464	22,706
Finance	2,327,246	2,658,556	2,286,725	371,831
City Clerk	524,174	640,127	559,548	80,579
Administrative Services	818,707	820,707	738,752	81,955
Reserve Accounts	2,900,650	3,272,427	1,718,473	1,553,954
Public Safety:				
Police Department	12,242,648	12,483,268	12,917,041	(433,773)
Fire Department	13,132,015	13,350,815	13,284,957	65,858
Public Health:				
Public Works	2,014,428	2,196,135	1,955,011	241,124
Solid Waste Operations	1,938,043	1,942,043	1,850,219	91,824
Planning, Zoning, and Development	1,018,773	1,021,173	997,849	23,324
Recreation and Parks	1,617,363	1,631,763	1,592,575	39,188
Human services:				
Donations	186,560	186,560	184,084	2,476
Public Library	1,418,897	1,418,897	1,418,897	-
Pension expenditures	806,795	1,257,161	1,136,621	120,540
Debt service	2,165,448	2,165,448	2,031,227	134,221
TOTAL EXPENDITURES	44,285,548	46,248,231	43,744,684	2,503,547
OTHER FINANCING USES:				
Transfers to other funds	26,733,396	26,033,396	26,561,806	(528,410)
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 71,018,944	\$ 72,281,627	\$ 70,306,490	\$ 1,975,137

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# Nonmajor Governmental Funds

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## **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

### **School Restricted Fund**

This fund is used to account for educational grants that are restricted by the federal government or the State of Rhode Island for specific programs.

### **UDAG Fund**

This fund is used to account for urban development grant activities.

### **State Grants Fund**

This fund is used to account for grants received from the State of Rhode Island that are restricted for specific programs or purposes.

### **EDA Revolving Fund**

This fund is used to account for economic development activities funded by the Federal Government and restricted for specific purposes.

### **Property Acquisition Fund**

This fund is used to accumulate assets to purchase property on-behalf of the City.

### **Community Donation Fund**

This fund is used to account for donations received by the city from various donors for both specific or general purposes.

### **Bramley Bill Fund**

This fund is used to account activities funded by grants and private donations for specific purposes.

## **Debt Service Fund**

This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

## **Permanent Funds**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting City's programs.

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**CITY OF NEWPORT, RHODE ISLAND**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2006

	SCHOOL RESTRICTED FUNDS	UDAG FUND	STATE GRANTS FUND	SPECIAL REVENUE				PROPERTY ACQUISITION FUND	COMMUNITY DONATION FUND	BRAMLEY BILL FUND	TOTAL
				EDA REVOLVING FUND	EDF FUND	EDF FUND	EDF FUND				
<b>ASSETS</b>											
Cash	\$ 388,883	\$ 1,181,896	\$	\$	\$ 198,688	\$	\$ 286,332	\$	\$ 217,529	\$ 23,412	\$ 2,296,740
Investments		890,965									890,965
Receivables:											
Intergovernmental	750,990		496,294								1,247,284
Loan		436,523			103,150						539,673
Other		414,886			55,243					500	470,629
Due from other funds		131,250									131,250
Advances to other funds		300,620									300,620
Advances to component units											-
<b>TOTAL ASSETS</b>	\$ 1,139,873	\$ 3,356,140	\$ 496,294	\$ 357,081	\$ 286,332	\$ 217,529	\$ 23,912	\$ 5,877,161			
<b>LIABILITIES AND FUND BALANCES</b>											
<b>LIABILITIES:</b>											
Cash overdraft	\$ 58,072	\$ 347,559	\$ 209,364	\$	\$	\$	\$	\$	\$	\$	\$ 209,364
Accounts payable		111,418								1,469	518,518
Accrued liabilities		2,893									2,893
Unearned revenue		1,280,386	447,729	158,393							1,886,508
<b>TOTAL LIABILITIES</b>	58,072	1,630,838	768,511	158,393	-	-	1,469	2,617,283			
<b>FUND BALANCES:</b>											
Unreserved, reported in:											
Special revenue funds	1,081,801	1,725,302	(272,217)	198,688	286,332	217,529	22,443	3,259,878			
Permanent funds											
Debt service funds											
<b>TOTAL FUND BALANCES</b>	1,081,801	1,725,302	(272,217)	198,688	286,332	217,529	22,443	3,259,878			
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	\$ 1,139,873	\$ 3,356,140	\$ 496,294	\$ 357,081	\$ 286,332	\$ 217,529	\$ 23,912	\$ 5,877,161			

(Continued)

**SCHEDULE 3**  
(2 of 2)

CITY OF NEWPORT, RHODE ISLAND  
COMBINING BALANCE SHEET (CONCLUDED)  
NONMAJOR GOVERNMENTAL FUNDS

	PERMANENT FUND		TOTAL NONMAJOR GOVERNMENTAL FUNDS
	DEBT SERVICE FUND	OTHER TRUST FUNDS	
<b>ASSETS</b>			
Cash	\$ 1,445	\$	\$ 2,298,185
Investments	510,006	8,409,972	9,810,943
Receivables:			
Intergovernmental			1,247,284
Loan			539,673
Other			470,629
Due from other funds			131,250
Advances to other funds			300,620
Advances to component units			-
<b>TOTAL ASSETS</b>	\$ 511,451	\$ 8,409,972	\$ 14,798,584
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Cash overdraft	\$	31,065	\$ 240,429
Accounts payable		6,005	524,523
Accrued liabilities			2,893
Unearned revenue			1,886,508
<b>TOTAL LIABILITIES</b>	-	37,070	2,654,353
<b>FUND BALANCES:</b>			
Reserved for endowments	-	1,142,270	1,142,270
Unreserved, reported in:			
Special revenue funds			3,259,878
Permanent funds		7,230,632	7,230,632
Debt service funds	511,451		511,451
<b>TOTAL FUND BALANCES</b>	511,451	8,372,902	12,144,231
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	\$ 511,451	\$ 8,409,972	\$ 14,798,584

(Concluded)

CITY OF NEWPORT, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2006

	SCHOOL RESTRICTED FUNDS	UDAG FUND	STATE GRANTS FUND	EDA REVOLVING FUND	SPECIAL REVENUE				BRAMLEY BILL FUND	TOTAL
					PROPERTY ACQUISITION FUND	COMMUNITY DONATION FUND				
REVENUES:										
Intergovernmental	\$ 5,777,054	\$	\$ 685,545	\$	\$	\$		\$	41,930	\$ 6,504,529
Charges for services	797,879	26,557		13,528				837,964		837,964
Use of money and property		88,053	233	7,765	3,013	1,143		100,207		100,207
Contributions						27,347		29,347	2,000	29,347
TOTAL REVENUES	6,574,933	114,610	685,778	21,293	3,013	28,490		7,472,047	43,930	7,472,047
EXPENDITURES:										
Current:										
General education	6,416,627		638,158					6,416,627		6,416,627
Public safety			1,518					638,158		638,158
Planning, zoning and development		910,524	27,302			30,016		912,042		912,042
Recreation and parks		80,000						137,318		137,318
Human services			338,500	750				379,963	40,913	379,963
Capital outlay	479,848							479,848		479,848
TOTAL EXPENDITURES	6,896,475	990,524	1,005,278	750		30,016		8,963,956	40,913	8,963,956
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(321,542)	(875,914)	(319,500)	20,543	3,013	(1,526)		(1,491,909)	3,017	(1,491,909)
OTHER FINANCING SOURCES (USES):										
Transfers in	588,251							588,251		588,251
Transfers out		(323,871)			(400,000)			(723,871)		(723,871)
TOTAL OTHER FINANCING SOURCES (USES)	588,251	(323,871)			(400,000)			(135,620)		(135,620)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	266,709	(1,199,785)	(319,500)	20,543	(396,987)	(1,526)		(1,627,529)	3,017	(1,627,529)
FUND BALANCES, JULY 1, 2005	815,092	2,925,087	47,283	178,145	683,319	219,055		4,887,407	19,426	4,887,407
FUND BALANCES, JUNE 30, 2006	\$ 1,081,801	\$ 1,725,302	\$ (272,217)	\$ 198,688	\$ 286,332	\$ 217,529	\$	\$ 3,259,878	\$ 22,443	\$ 3,259,878

(Continued)

**SCHEDULE 4**  
(2 of 2)

CITY OF NEWPORT, RHODE ISLAND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONCLUDED)  
FOR THE YEAR ENDED JUNE 30, 2006

	DEBT SERVICE FUND	PERMANENT FUND	OTHER TRUST FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:				
Intergovernmental		\$		\$ 6,504,529
Charges for services				837,964
Use of money and property	(18,129)		666,990	749,068
Contributions				29,347
Other				-
TOTAL REVENUES	(18,129)		666,990	8,120,908
EXPENDITURES:				
Current:				
General education				6,416,627
Public safety				638,158
Planning, zoning and development				912,042
Recreation and parks				137,318
Human services			113,497	493,460
Capital outlay				479,848
TOTAL EXPENDITURES	-		113,497	9,077,453
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(18,129)		553,493	(956,545)
OTHER FINANCING SOURCES (USES):				
Transfers in	133,110			721,361
Transfers out				(723,871)
TOTAL OTHER FINANCING SOURCES (USES)	133,110		-	(2,510)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	114,981		553,493	(959,055)
FUND BALANCES, JULY 1, 2005	396,470		7,819,409	13,103,286
FUND BALANCES, JUNE 30, 2006	\$ 511,451	\$	8,372,902	\$ 12,144,231

(Concluded)



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## **Nonmajor Proprietary Funds**

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Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the City's Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City's Council has decided that periodic determination of net income is appropriate for accountability purposes.

### **Maritime Fund**

This fund is used to account for the activity associated with the City's harbor operations.

### **Eastons's Beach Fund**

This fund is used to account for the activity associated with the City's beach operations.

### **Parking Operations Fund**

This fund is used to account for the activity associated with the City's parking operations.

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CITY OF NEWPORT, RHODE ISLANDCOMBINING STATEMENT OF NET ASSETS  
NONMAJOR PROPRIETARY FUNDS  
JUNE 30, 2006

	MARITIME FUND	EASTON'S BEACH FUND	PARKING OPERATIONS FUND	TOTALS
<b>ASSETS:</b>				
Current assets:				
Cash and cash equivalents	\$ 389,668	\$ 418,285	\$ 4,429,075	\$ 5,237,028
Accounts receivable:				
User fees (net of allowances)	22,202	4,960	3,500	30,662
Total current assets	411,870	423,245	4,432,575	5,267,690
Noncurrent assets:				
Capital assets	387,500	2,610,182	2,857,640	5,855,322
Less accumulated depreciation	(124,709)	(887,252)	(1,062,203)	(2,074,164)
Total noncurrent assets	262,791	1,722,930	1,795,437	3,781,158
<b>TOTAL ASSETS</b>	<b>674,661</b>	<b>2,146,175</b>	<b>6,228,012</b>	<b>9,048,848</b>
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable	961	4,137	18,647	23,745
Accrued expenses	29,590	66,575	6,641	102,806
Current portion advances	-	81,416	-	81,416
Total current liabilities	30,551	152,128	25,288	207,967
Long-term liabilities:				
Advances from other funds	-	219,204	-	219,204
<b>TOTAL LIABILITIES</b>	<b>30,551</b>	<b>371,332</b>	<b>25,288</b>	<b>427,171</b>
<b>NET ASSETS:</b>				
Invested in capital assets (net of related debt)	262,791	1,722,930	1,795,437	3,781,158
Unrestricted	381,319	51,913	4,407,287	4,840,519
<b>TOTAL NET ASSETS</b>	<b>\$ 644,110</b>	<b>\$1,774,843</b>	<b>\$ 6,202,724</b>	<b>\$ 8,621,677</b>

CITY OF NEWPORT, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 NONMAJOR PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2006

	MARITIME FUND	EASTON'S BEACH FUND	PARKING OPERATIONS FUND	TOTALS
OPERATING REVENUES:				
User fees	\$ 640,025	\$ 589,870	\$ 1,324,431	\$ 2,554,326
Other revenues	18,265			18,265
TOTAL OPERATING REVENUES	658,290	589,870	1,324,431	2,572,591
OPERATING EXPENSES:				
Salaries and benefits	232,874	287,578	281,440	801,892
Materials and supplies	104,361	33,409	80,092	217,862
Repairs and maintenance	19,449	23,049	14,727	57,225
Support services	13,419	40,379	246,504	300,302
Utilities	5,997	23,140	7,632	36,769
Administrative and other	30,330	34,692	93,144	158,166
Depreciation	21,362	77,806	83,856	183,024
TOTAL OPERATING EXPENSES	427,792	520,053	807,395	1,755,240
OPERATING INCOME	230,498	69,817	517,036	817,351
NONOPERATING REVENUES (EXPENSES):				
Investment income	2,670	2,109	47,749	52,528
Interest expense		(11,978)		(11,978)
NET NONOPERATING REVENUES (EXPENSES)	2,670	(9,869)	47,749	40,550
NET INCOME	233,168	59,948	564,785	857,901
TOTAL NET ASSETS - JULY 1, 2005	410,942	1,714,895	5,637,939	7,763,776
TOTAL NET ASSETS - JUNE 30, 2006	\$ 644,110	\$ 1,774,843	\$ 6,202,724	\$ 8,621,677

## CITY OF NEWPORT, RHODE ISLAND

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2006

	MARITIME FUND	EASTON'S BEACH FUND	PARKING OPERATIONS FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 636,088	\$ 592,383	\$ 1,393,431	\$ 2,621,902
Cash payments to suppliers for goods and services	(143,204)	(123,724)	(352,220)	(619,148)
Cash payments to employees for services	(213,528)	(270,539)	(278,922)	(762,989)
Payment of administrative expense	(30,330)	(34,692)	(93,144)	(158,166)
NET CASH PROVIDED BY OPERATING ACTIVITIES	249,026	163,428	669,145	1,081,599
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund loans and transfers		30,712		30,712
Principal paid on interfund loans and transfers		(76,265)		(76,265)
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	-	(45,553)	-	(45,553)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(101,758)	(9,001)	(728,405)	(839,164)
Interest paid on bonds, notes and loans		(11,978)		(11,978)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(101,758)	(20,979)	(728,405)	(851,142)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	2,670	2,109	47,749	52,528
NET INCREASE (DECREASE) IN CASH	149,938	99,005	(11,511)	237,432
CASH AND CASH EQUIVALENTS - JULY 1, 2005	239,730	319,280	4,440,586	4,999,596
CASH AND CASH EQUIVALENTS - JUNE 30, 2006	\$ 389,668	\$ 418,285	\$ 4,429,075	\$ 5,237,028
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ 230,498	\$ 69,817	\$ 517,036	\$ 817,351
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	21,362	77,806	83,856	183,024
Changes in assets and liabilities:				
Decrease (Increase) in accounts receivable	(22,202)	2,513	69,000	49,311
(Decrease) Increase in accounts payable	257	(2,918)	(2,998)	(5,659)
(Decrease) Increase in accrued liabilities	19,346	17,039	2,518	38,903
(Decrease) Increase in due to other funds	(235)	(829)	(267)	(1,331)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 249,026	\$ 163,428	\$ 669,145	\$ 1,081,599

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# Fiduciary Funds

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Fiduciary funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations or other governments.

## **Pension Trust Funds**

A fiduciary fund type used to report resources that are required to be held in trust for the member and beneficiaries of defined benefit pension plans.

The City has two pension plans covering police and fire department employees. Substantially all of its other employees, except teachers, are covered by the Municipal Employees' Retirement System of the State of Rhode Island (Municipal Plan). Teachers are covered by the Employees' Retirement System of the State of Rhode Island (Teachers' Plan). The Firemen's Pension Plan and the Policemen's Pension Plan are contributory defined benefit plans.

## **Post-employment Healthcare Trust Fund**

This fund is used to account for post-employment benefits provided to eligible retirees of the City.

## **Private Purpose Trust Funds**

These funds are used to account for and report all trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

## **Agency Funds**

Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

### **Student Activity Funds**

These funds are used to account for expenditures for educational extracurricular activities at various schools. Financing is provided by individual fundraising projects and private donations.

### **Brick Market Foundation Inc.**

These funds are used to account for activities for the Brick Market Foundation. Financing is provided by fundraising and private donations.

### **Newport Municipal Charitable Improvement Fund, Inc.**

These funds are used to account for expenditures for municipal improvement projects. Financing is provided by fundraising and private donations.

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CITY OF NEWPORT, RHODE ISLANDCOMBINING STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2006

	PENSION TRUST FUNDS			OTHER POST- EMPLOYMENT BENEFITS TRUST FUND	TOTAL PENSION AND OTHER POST- EMPLOYMENT BENEFITS TRUST FUNDS
	POLICE PENSION FUND	FIRE PENSION FUND	TOTAL PENSION TRUST FUNDS		
ASSETS					
Cash	\$	\$	\$	\$ 30,153	\$ 30,153
Investments, at fair value:					
Fixed Income Mutual Funds	13,674,478	9,582,877	23,257,355	161,614	23,418,969
Domestic Equity Mutual Funds	19,534,969	13,689,825	33,224,794	230,877	33,455,671
International Equity Mutual Funds	5,860,491	4,106,947	9,967,438	69,263	10,036,701
TOTAL ASSETS	39,069,938	27,379,649	66,449,587	491,907	66,941,494
LIABILITIES					
Cash overdraft	1,055,842	567,063	1,622,905		1,622,905
Accounts payable	297,282	8,586	305,868	222	306,090
TOTAL LIABILITIES	1,353,124	575,649	1,928,773	222	1,928,995
NET ASSETS					
Net assets held in trust for pension benefits	37,716,814	26,804,000	64,520,814		64,520,814
Net assets held in trust for other post employment benefits				491,685	491,685
TOTAL NET ASSETS	\$ 37,716,814	\$ 26,804,000	\$ 64,520,814	\$ 491,685	\$ 65,012,499

(Continued)

CITY OF NEWPORT, RHODE ISLAND  
COMBINING STATEMENT OF FIDUCIARY NET ASSETS (CONCLUDED)

	PRIVATE PURPOSE TRUST FUNDS			AGENCY FUNDS
	EXPENDABLE SCHOLARSHIP FUNDS	NONEXPENDABLE SCHOLARSHIP TRUSTS	TOTAL PRIVATE PURPOSE TRUST FUNDS	VARIOUS
ASSETS				
Cash	\$ 11,081	\$ 1,254	\$ 12,335	\$ 207,231
Investments, at fair value:				
Fixed Income Mutual Funds		381,273	381,273	
Domestic Equity Mutual Funds		544,676	544,676	
International Equity Mutual Funds		163,403	163,403	
TOTAL ASSETS	11,081	1,090,606	1,101,687	207,231
LIABILITIES				
Accounts payable		478	478	
Amounts held in escrow			-	207,231
TOTAL LIABILITIES	-	478	478	207,231
NET ASSETS				
Net assets held in trust for purposes	11,081	1,090,128	1,101,209	-
TOTAL NET ASSETS	\$ 11,081	\$ 1,090,128	\$ 1,101,209	\$ -

(Concluded)

**CITY OF NEWPORT, RHODE ISLAND**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2006

	PENSION TRUST FUNDS			OTHER POST- EMPLOYMENT BENEFITS TRUST FUND	TOTAL PENSION AND OTHER POST- EMPLOYMENT BENEFITS TRUST FUNDS
	POLICE PENSION FUND	FIRE PENSION FUND	TOTAL PENSION TRUST FUNDS		
<b>ADDITIONS:</b>					
Contributions and other income:					
Employees	\$ 371,734	\$ 407,106	\$ 778,840	\$	\$ 778,840
Employer	2,440,649	3,543,235	5,983,884	5,239,666	11,223,550
Other income	824	3,908	4,732	10	4,742
Total contributions and other income	2,813,207	3,954,249	6,767,456	5,239,676	12,007,132
Investment income:					
Net appreciation in fair value of investments	2,441,308	1,705,087	4,146,395	298	4,146,693
Interest and dividends	683,324	462,930	1,146,254	3,790	1,150,044
Total investment income	3,124,632	2,168,017	5,292,649	4,088	5,296,737
<b>TOTAL ADDITIONS</b>	<b>5,937,839</b>	<b>6,122,266</b>	<b>12,060,105</b>	<b>5,243,764</b>	<b>17,303,869</b>
<b>DEDUCTIONS:</b>					
Benefits	3,518,119	3,445,588	6,963,707	4,751,710	11,715,417
Administration	137,767	78,871	216,638	369	217,007
<b>TOTAL DEDUCTIONS</b>	<b>3,655,886</b>	<b>3,524,459</b>	<b>7,180,345</b>	<b>4,752,079</b>	<b>11,932,424</b>
<b>CHANGES IN NET ASSETS</b>	<b>2,281,953</b>	<b>2,597,807</b>	<b>4,879,760</b>	<b>491,685</b>	<b>5,371,445</b>
<b>NET ASSETS - JULY 1, 2005</b>	<b>35,434,861</b>	<b>24,206,193</b>	<b>59,641,054</b>		<b>59,641,054</b>
<b>NET ASSETS - JUNE 30, 2006</b>	<b>\$ 37,716,814</b>	<b>\$ 26,804,000</b>	<b>\$ 64,520,814</b>	<b>\$ 491,685</b>	<b>\$ 65,012,499</b>

(Continued)

CITY OF NEWPORT, RHODE ISLAND  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS (CONCLUDED)

	PRIVATE PURPOSE TRUST FUNDS		
	EXPENDABLE SCHOLARSHIP FUNDS	NON- EXPENDABLE SCHOLARSHIP TRUSTS	TOTAL PRIVATE PURPOSE TRUST FUNDS
ADDITIONS:			
Contributions	\$ 10,000	\$ 26,232	\$ 36,232
Total contributions and other income	10,000	26,232	36,232
Investment income:			
Investment income		90,001	90,001
Total investment income	-	90,001	90,001
Less investment expenses		3,854	3,854
Net investment income	-	86,147	86,147
TOTAL ADDITIONS	10,000	112,379	122,379
DEDUCTIONS:			
Awards		25,239	25,239
CHANGES IN NET ASSETS	10,000	87,140	97,140
NET ASSETS - JULY 1, 2005	1,081	1,002,988	1,004,069
NET ASSETS - JUNE 30, 2006	\$ 11,081	\$ 1,090,128	\$ 1,101,209

(Concluded)

CITY OF NEWPORT, RHODE ISLAND

AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2006

	BALANCE JULY 1, 2005	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2006
<u>ASSETS</u>				
CASH:				
Student activity funds	\$ 134,326	\$ 470,887	\$ 426,793	\$ 178,420
Brick Market Foundation Inc	853		853	-
Newport Municipal Charitable Improvement Fund, Inc.	28,811			28,811
TOTAL ASSETS	<u>\$ 163,990</u>	<u>\$ 470,887</u>	<u>\$ 427,646</u>	<u>\$ 207,231</u>
<u>LIABILITIES</u>				
AMOUNTS HELD IN ESCROW:				
Student activity funds	\$ 134,326	\$ 470,887	\$ 426,793	\$ 178,420
Brick Market Foundation Inc	853		853	-
Newport Municipal Charitable Improvement Fund, Inc.	28,811			28,811
TOTAL LIABILITIES	<u>\$ 163,990</u>	<u>\$ 470,887</u>	<u>\$ 427,646</u>	<u>\$ 207,231</u>

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**Capital Assets  
Used in the  
Operation of  
Governmental  
Funds**

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CITY OF NEWPORT, RHODE ISLANDCAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS  
JUNE 30, 2006CAPITAL ASSETS

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Land	\$ 2,348,013
Land improvements	6,714,066
Construction in progress	820,625
Infrastructure	33,755,995
Building and structures	32,517,740
Machinery and equipment	5,362,602
Rolling Stock	<u>5,680,692</u>
 TOTAL CAPITAL ASSETS	 <u>\$ 87,199,733</u>

## CITY OF NEWPORT, RHODE ISLAND

CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
JUNE 30, 2006

FUNCTION / ACTIVITY	LAND AND IMPROVEMENTS	INFRA - STRUCTURE	BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	CONSTRUCTION IN PROGRESS	ROLLING STOCK	TOTAL
<b>GENERAL GOVERNMENT:</b>							
Mayor and city council	\$	\$	\$	\$ 6,279	\$	\$	\$ 6,279
City manager				41,608			41,608
City solicitor				9,025			9,025
Canvassing				24,105			24,105
Finance				1,463,177			1,463,177
Administrative services			547,457	128,864		35,745	712,066
Planning	1,341,159	1,543,481	1,829,815				4,714,455
<b>TOTAL GENERAL GOVERNMENT</b>	<b>1,341,159</b>	<b>1,543,481</b>	<b>2,377,272</b>	<b>1,673,058</b>	<b>-</b>	<b>35,745</b>	<b>6,970,715</b>
<b>PUBLIC SAFETY:</b>							
Police department	12,013	250,000	2,579,109	711,189		863,937	4,416,248
Fire department	1,000		1,134,773	667,452	17,301	2,427,073	4,247,599
<b>TOTAL PUBLIC SAFETY</b>	<b>13,013</b>	<b>250,000</b>	<b>3,713,882</b>	<b>1,378,641</b>	<b>17,301</b>	<b>3,291,010</b>	<b>8,663,847</b>
<b>PUBLIC HEALTH:</b>							
Public works	5,581,931	31,962,514	1,128,964	422,590	789,892	1,469,691	41,355,582
Solid waste operations			15,915	22,216			38,131
<b>TOTAL PUBLIC HEALTH</b>	<b>5,581,931</b>	<b>31,962,514</b>	<b>1,144,879</b>	<b>444,806</b>	<b>789,892</b>	<b>1,469,691</b>	<b>41,393,713</b>
<b>RECREATION AND PARKS</b>	<b>1,926,506</b>	<b>-</b>	<b>1,295,639</b>	<b>169,072</b>	<b>13,432</b>	<b>696,254</b>	<b>4,100,903</b>
<b>GENERAL EDUCATION</b>	<b>196,470</b>	<b>-</b>	<b>23,653,925</b>	<b>1,659,818</b>	<b>-</b>	<b>187,992</b>	<b>25,698,205</b>
<b>HUMAN SERVICES</b>	<b>3,000</b>	<b>-</b>	<b>332,143</b>	<b>37,207</b>	<b>-</b>	<b>-</b>	<b>372,350</b>
<b>GRAND TOTALS</b>	<b>\$ 9,062,079</b>	<b>\$ 33,755,995</b>	<b>\$ 32,517,740</b>	<b>\$ 5,362,602</b>	<b>\$ 820,625</b>	<b>\$ 5,680,692</b>	<b>\$ 87,199,733</b>

CITY OF NEWPORT, RHODE ISLAND

CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY  
 FOR THE YEAR ENDED JUNE 30, 2006

FUNCTION / ACTIVITY	BALANCE JULY 1, 2005	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2006
GENERAL GOVERNMENT:				
Mayor and council	\$ 6,279	\$	\$	\$ 6,279
City manager	41,608			41,608
City solicitor	9,025			9,025
Canvassing	24,105			24,105
Finance	1,396,863	66,314		1,463,177
City clerk				-
Administrative services	447,656	264,410		712,066
Fiduciary accounts				-
Planning	4,714,455			4,714,455
TOTAL GENERAL GOVERNMENT	6,639,991	330,724	-	6,970,715
PUBLIC SAFETY:				
Police department	3,890,915	606,797	81,464	4,416,248
Fire department	4,152,353	109,583	14,337	4,247,599
TOTAL PUBLIC SAFETY	8,043,268	716,380	95,801	8,663,847
PUBLIC HEALTH:				
Public works	38,946,667	2,441,392	32,477	41,355,582
Solid waste operations	38,131			38,131
TOTAL PUBLIC HEALTH	38,984,798	2,441,392	32,477	41,393,713
RECREATION AND PARKS	2,906,668	1,208,915	14,680	4,100,903
GENERAL EDUCATION	25,448,374	249,831	-	25,698,205
HUMAN SERVICES	357,350	15,000	-	372,350
GRAND TOTALS	\$ 82,380,449	\$ 4,962,242	\$ 142,958	\$ 87,199,733

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## **Statistical Section**

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TABLE 1

CITY OF NEWPORT, RHODE ISLANDNET ASSETS BY COMPONENT  
LAST FOUR YEARS  
(UNAUDITED)

	FISCAL YEAR			
	2003	2004	2005	2006
Governmental activities:				
Invested in capital assets, net of related debt	\$ 33,319,657	\$ 36,213,472	\$ 39,024,214	\$ 43,072,452
Restricted for:				
Human services	4,138,028	3,854,910	3,633,092	2,020,191
Endowments:				
Expendable	5,315,880	6,145,004	6,677,139	7,255,682
Nonexpendable	1,142,270	1,142,270	1,142,270	1,142,270
Other purposes	441,806	675,734	1,211,562	1,593,252
Unrestricted	7,874,791	2,831,871	(1,722,023)	3,381,329
Total governmental activities net assets	52,232,432	50,863,261	49,966,254	58,465,176
Business-type activities:				
Invested in capital assets, net of related debt	86,599,396	87,497,297	85,773,241	84,210,144
Restricted - Other purposes	6,385,522	6,612,069	3,624,058	4,401,342
Unrestricted	(4,355,744)	(4,072,754)	171,705	3,907,161
Total business-type activities net assets	88,629,174	90,036,612	89,569,004	92,518,647
Primary government:				
Invested in capital assets, net of related debt	119,919,053	123,710,769	124,797,467	127,282,596
Restricted for:				
Endowments:				
Expendable	5,315,880	6,145,004	6,677,139	7,255,682
Nonexpendable	1,142,270	1,142,270	1,142,270	1,142,270
Other purposes	6,827,328	7,287,803	4,835,620	5,994,594
Unrestricted	7,657,075	2,614,027	2,082,774	9,308,681
Total primary government net assets	\$ 140,861,606	\$ 140,899,873	\$ 139,535,270	\$ 150,983,823

TABLE 2

## CITY OF NEWPORT, RHODE ISLAND

CHANGES IN NET ASSETS  
LAST FOUR YEARS  
(UNAUDITED)

	FISCAL YEAR			
	2003	2004	2005	2006
<b>Expenses</b>				
Governmental activities:				
General government	\$ 5,261,563	\$ 5,459,387	\$ 8,638,364	\$ 4,813,766 (2)
General education	39,039,945	42,168,056	42,003,803	45,460,092
Public safety	23,098,422	25,954,534	27,848,257	29,249,707
Public health	3,649,735	4,403,093	4,664,543	4,564,130
Planning, zoning and development	855,293	1,028,852	1,681,628	1,994,692
Recreation and parks	1,868,074	2,189,095	1,773,421	2,121,346
Human services	2,475,041	2,543,597	2,520,398	2,817,926
Interest expense	1,166,764	1,062,259	889,584	867,107
Total governmental activities	77,414,837	84,808,873	90,019,998	91,888,766
Business-type activities:				
Water	6,726,482	6,830,398	7,135,764	7,225,730
Water Pollution Control	5,806,015	6,432,891	7,050,859	6,781,706
Nonmajor	974,819	1,109,229	1,577,702	1,767,218
Total business-type activities	13,507,316	14,372,518	15,764,325	15,774,654
Total primary government expense	90,922,153	99,181,391	105,784,323	107,663,420
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	2,354,118	3,865,133	4,989,700 (1)	4,592,923
General education	79,913	735,868	940,091	1,538,629
Public safety	2,339,389	1,828,283	2,003,497	2,679,694
Public health	44,819	44,435	44,111	31,560
Planning, zoning and development	286,715	327,609	720,141	1,184,118
Recreation and parks	686,522	741,853	288,077	96,764
Human services	744,901	333,733	154,514	150,622
Operating grants and contributions	21,279,957	21,000,389	21,236,496	21,538,064
Capital grants and contributions	1,683,441	818,007	846,754	1,170,076
Total governmental activities program revenues	29,499,775	29,695,310	31,223,381	32,982,450
Business-type activities:				
Charges for services:				
Water	7,778,407	7,795,582	7,100,096	9,514,397 (3)
Water Pollution Control	5,796,526	6,049,193	5,885,602	6,462,089
Nonmajor	1,441,015	1,407,977	1,972,189	2,572,591
Total business-type activities	15,015,948	15,252,752	14,957,887	18,549,077
Total primary government program revenues	44,515,723	44,948,062	46,181,268	51,531,527
<b>Net (Expense)/Revenue</b>				
Governmental activities	(47,915,062)	(55,113,563)	(58,796,617)	(58,906,316)
Business-type activities	1,508,632	880,234	(806,438)	2,774,423
Total primary government net expenses	(46,406,430)	(54,233,329)	(59,603,055)	(56,131,893)

(Continued)



TABLE 2

## CITY OF NEWPORT, RHODE ISLAND

CHANGES IN NET ASSETS  
LAST FOUR YEARS  
(UNAUDITED)

	FISCAL YEAR			
	2003	2004	2005	2006
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Property taxes	\$ 49,281,985	\$ 48,820,256	\$52,857,093	54,833,897
Unrestricted grants and contributions	4,155,936	4,097,271	4,059,353	4,614,794
Investment income	693,902	1,177,711	1,133,676	1,425,620
Miscellaneous	107,862	116,126	135,206	133,494
Loss on disposition of assets		(30,004)	(95,014)	
Transfer from primary government		(436,968)	(190,692)	
Total governmental activities	54,239,685	53,744,392	57,899,622	61,007,805
Business-type activities:				
Investment income	79,810	90,236	98,797	175,220
Capital contributions			200,863	
Transfer from primary government		436,968	(10,171)	
Total business-type activities	79,810	527,204	289,489	175,220
Total primary government	54,319,495	54,271,596	58,189,111	61,183,025
<b>Change in Net Assets</b>				
Governmental activities	6,324,623	(1,369,171)	(896,995)	2,101,489
Business-type activities	1,588,442	1,407,438	(516,949)	2,949,643
Total primary government	\$ 7,913,065	\$ 38,267	\$ (1,413,944)	\$ 5,051,132

(Concluded)

- (1) - General government service charges increased significantly in FY2005 in the following categories:  
    Management and Computer Processing Charges increased by \$277,000  
    Fees and charges associated with the sale of residential and commercial property in the City increased by \$340,000  
    Fees for the use of vehicles increased in the capital fund by \$285,000
- (2) - Reduction in claims and judgments; reduction in the use of salary reserves as a result of open contracts
- (3) - Increase in water rates of 20%

TABLE 3

## CITY OF NEWPORT, RHODE ISLAND

FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)

	FISCAL YEAR									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund:										
Reserved	\$ 370,906	\$ 694,838	\$ 1,037,704	\$ 1,037,704	\$ 683,898	\$ 1,276,106	\$ 1,229,965	\$ 2,077,766	\$ 1,159,119	\$ 1,256,428
Unreserved	122,734	1,649,837	660,287	4,195,021	7,619,776	10,307,069	11,311,680	6,059,277	3,885,886	4,098,720
Total general fund	493,640	2,344,675	1,697,991	5,232,725	8,303,674	11,583,175	12,541,645	8,137,043	5,045,005	5,355,148
All Other Governmental Funds:										
Reserved	5,418,357	6,161,631	5,066,091			203,674	1,036,361	1,848,481	2,847,136	1,202,773
Unreserved, reported in:										
Special revenue funds	5,251,618	6,347,660	8,211,592	7,585,505	7,192,830	7,028,012	6,076,879	4,156,807	5,370,648	5,042,445
Capital projects funds	150,523	76,823	144,604	241,453	(5,521,154)	3,948,343	(600,158)	2,109,836	1,578,848	4,432,555
Permanent funds							6,458,150	7,287,274	7,819,409	7,230,632
Debt service funds							124,922	227,798	396,470	511,451
Total all other governmental funds	10,820,498	12,586,114	13,422,287	7,826,958	1,671,676	11,180,029	13,096,154	15,630,196	18,012,511	18,419,856
Grand Total	\$ 11,314,138	\$ 14,930,789	\$ 15,120,278	\$ 13,059,683	\$ 9,975,350	\$ 22,763,204	\$ 25,637,799	\$ 23,767,239	\$ 23,057,516	\$ 23,775,004

## NOTES:

Capital projects fund balance depends on timing of state and federal reimbursements and type of temporary or permanent debt that may exist. These items cause the fund balance to fluctuate from year to year.

Permanent funds were reported as trust and agency funds prior to FY2003.

The reduction of general fund balance in FY2004 was due to the use of appropriated fund balance for capital improvements.

The reduction of general fund balance in FY2005 was due to the use of appropriated fund balance for capital improvements and a projected school deficit.

TABLE 4

## CITY OF NEWPORT, RHODE ISLAND

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)

	FISCAL YEAR									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Revenues:</b>										
Taxes	\$41,624,502	\$42,072,424	\$43,134,151	\$44,116,549	\$46,206,830	\$47,160,364	\$48,164,505	\$51,117,203	\$53,081,970	\$54,767,961
Intergovernmental revenues	13,908,717	13,929,702	14,691,355	34,260,479	**	17,986,128	21,066,569	25,506,817	25,590,182	26,657,930
Charges for services	3,992,920	4,102,928	4,976,913	5,356,088	5,241,294	4,629,532	6,528,107	7,803,657	9,736,504	9,627,034
Use of money and property	481,511	1,173,536	824,350	1,035,931	1,457,595	912,779	693,902	1,177,711	1,133,676	1,425,620
Donations	1,483,972	1,018,028	1,583,705	1,113,000	*	12,455	77,476	1,425,623	892,441	29,347 (1)
Other revenues				2,342,973	4,516,662	4,171,226	107,862	115,992	135,205	\$74,244 (1)
<b>Total Revenues</b>	<b>61,496,622</b>	<b>62,296,618</b>	<b>65,210,474</b>	<b>88,225,020</b>	<b>75,420,964</b>	<b>78,017,946</b>	<b>82,426,816</b>	<b>85,998,883</b>	<b>90,569,978</b>	<b>93,382,156</b>
<b>Expenditures:</b>										
Current:										
General government	2,797,116	3,166,390	3,511,210	4,981,704	4,140,436	5,141,663	4,919,181	5,192,168	6,346,749	5,248,504
General education	28,337,800	29,087,604	29,479,433	32,947,156	35,337,981	36,442,150	38,551,595	42,680,573	41,354,602	42,364,243
Public safety	13,709,826	13,574,935	15,041,800	14,285,703	14,986,866	15,099,678	16,122,841	25,302,125	27,344,804	26,806,416
Public health	4,011,441	2,886,328	2,955,981	2,943,825	4,007,800	3,776,096	3,243,475	3,655,093	3,914,446	3,710,241
Planning, zoning and development	1,299,477	1,111,800	1,175,338	1,462,253	1,211,114	1,587,070	826,369	1,313,138	968,008	1,909,891 (2)
Recreation and parks	1,312,337	1,096,099	1,128,210	2,716,170	1,965,201	1,726,323	1,692,203	2,236,838	1,588,267	1,729,893
Human services	5,915,845				8,780,684	14,483,725	2,466,177	2,534,733	2,510,411	2,630,902
Pension expenses					7,682,350	6,741,096	7,279,340	436,421	899,423	1,136,621
Debt service:									51,929	
Principal	728,531	725,513	687,968	696,459	586,011	566,484	1,041,361	1,386,069	1,337,106	1,192,470
Interest	489,078	437,872	377,542	323,478	235,206	256,268	1,463,856	1,033,255	830,345	838,757
Capital outlay		2,676,837	3,593,895	869		446,539	6,808,330	2,689,063	4,258,485	5,096,730
<b>Total Expenditures</b>	<b>58,601,451</b>	<b>54,763,378</b>	<b>57,951,377</b>	<b>60,357,617</b>	<b>78,983,649</b>	<b>86,267,092</b>	<b>84,415,228</b>	<b>88,459,476</b>	<b>91,404,575</b>	<b>92,664,668</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>2,895,171</b>	<b>7,533,240</b>	<b>7,259,097</b>	<b>27,867,403</b>	<b>(3,562,685)</b>	<b>(8,249,146)</b>	<b>(1,988,412)</b>	<b>(2,460,593)</b>	<b>(834,597)</b>	<b>717,488</b>
<b>Other Financing Sources (Uses):</b>										
Debt issuance						21,037,000			3,124,702	(3,010,000)
Payment to refunding escrow agent				60,448				1,027,000		
Sale of property	18,859,084	19,906,305	18,854,242	421,238	19,958,668	20,609,955	22,034,907	27,129,054	27,575,078	27,695,528
Transfers in	(19,432,915)	(23,540,086)	(26,093,892)	(25,343,888)	(19,938,688)	(20,609,955)	(22,034,907)	(27,566,022)	(27,564,906)	(27,695,528)
Transfers out										
<b>Total Other Financing Sources (Uses)</b>	<b>(573,831)</b>	<b>(5,633,781)</b>	<b>(7,239,650)</b>	<b>(24,862,002)</b>	<b>-</b>	<b>21,037,000</b>	<b>-</b>	<b>590,032</b>	<b>124,874</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 2,321,340</b>	<b>\$ 1,899,459</b>	<b>\$ 19,447</b>	<b>\$ 3,005,401</b>	<b>\$ (3,562,685)</b>	<b>\$ (12,787,854)</b>	<b>\$ (1,988,412)</b>	<b>\$ (1,870,561)</b>	<b>\$ (709,723)</b>	<b>\$ 717,488</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>2.08%</b>	<b>2.23%</b>	<b>1.96%</b>	<b>1.69%</b>	<b>1.10%</b>	<b>0.96%</b>	<b>3.23%</b>	<b>2.82%</b>	<b>2.55%</b>	<b>2.32%</b>

## NOTES:

\* Contributions were for renovations to the Thompson Middle School in FY 2000.

\*\* Federal and state grants to the schools were significantly higher.

\*\*\* Local donations and grants to the schools vary from year to year.

^ Public Safety expenses were significantly higher in FY2004 because pension expenses related to public safety were reclassified to here from pension expenses.

(1) Reclassified school restricted revenues from donations to other revenues.

(2) Increase in loans and grants made from UDAG monies for Ranger Road Infrastructure and The Opera House.

**CITY OF NEWPORT, RHODE ISLAND**  
**ASSESSED AND ACTUAL VALUES OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

FISCAL YEAR ENDED JUNE 30	ASSESSED VALUE						TOTAL DIRECT TAX RATE		ESTIMATED ACTUAL TAXABLE VALUE	ASSESSED VALUE AS A PERCENTAGE OF ACTUAL VALUE
	RESIDENTIAL PROPERTY	COMMERCIAL PROPERTY	PERSONAL PROPERTY	INVENTORY	MOTOR VEHICLES	LESS EXEMPTIONS	TOTAL TAXABLE ASSESSED VALUE	RESIDENTIAL		
1997	\$ 1,640,530,442	\$	\$ 85,438,373	\$	\$ 87,009,573	\$ 23,674,605	\$ 1,789,303,783	23.20	\$ 2,084,391,343	85.84%
1998	1,643,616,255		84,925,868		90,740,462	21,767,448	1,797,515,137	23.45	2,331,213,174	77.11%
1999	1,652,057,233		86,794,207		97,308,482	20,288,987	1,815,870,935	23.69	2,535,227,098	71.63%
2000	1,697,661,754		89,327,769		93,151,178	20,630,934	1,859,509,767	23.90	1,933,870,184	96.15%
2001	1,712,348,318		96,595,767		127,579,988	20,580,640	1,915,943,453	24.29	2,174,244,906	88.12%
2002	1,719,510,154		82,688,796		117,766,454	52,413,176	1,867,552,228	25.10	2,597,800,538	71.89%
2003	2,287,770,460	1,048,703,200	82,740,975	22,684,956	120,829,611	69,118,210	3,493,610,992	12.85	3,493,610,992	100.00%
2004	2,471,644,000	837,597,500	80,834,657	24,128,568	126,420,029	76,353,633	3,464,271,121	13.43	4,016,247,021	86.26%
2005	2,470,649,500	854,054,700	81,894,726	23,351,240	125,903,945	76,973,716	3,478,880,395	13.72	5,287,898,200	65.79%
2006	2,510,163,253	834,407,847	86,997,316	22,949,498	138,954,444	81,242,277	3,512,230,081	14.29	5,169,960,239	67.94%

Source: City of Newport, Rhode Island Assessor

## NOTES:

The City's tax rate increase cannot exceed 5.5% of the prior year's rate and/or the total levy cannot exceed 5.5% of the prior year's total levy unless the State of Rhode Island approves such increase.

The City of Newport has no overlapping debt nor does it collect taxes for any other entity.

The City switched to a two-tiered tax in FY2002.

The City had a full revaluation of real property in 2002 (effective 2003). The full revaluation is required by state law every 9 years. Statistical updates are required every 3 years.

TABLE 6

**CITY OF NEWPORT, RHODE ISLAND**

PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND TEN YEARS AGO  
(UNAUDITED)

	2006				1997			
	TAXABLE ASSESSED VALUE	RANK	PERCENT OF TOTAL CITY TAXABLE ASSESSED VALUE		TAXABLE ASSESSED VALUE	RANK	PERCENT OF TOTAL CITY TAXABLE ASSESSED VALUE	
Mass Mutual Life	\$ 66,263,400	1	1.89%		\$ 52,000,000	1	2.91%	
Newport Restoration Foundation								
Historic Homes own/rent	60,799,600	2	1.73%		17,450,300	3	0.98%	
H E Newport, LLC	57,784,900	3	1.65%		27,819,068	2	1.55%	
LHO Viking Hotel, LLC	43,732,600	4	1.25%					
Eastern Resorts Company	34,723,100	5	0.99%					
RK Newport, LLC	34,065,400	6	0.97%					
Shaner Hotel Group	26,283,900	7	0.75%		10,450,180	4	0.58%	
Newport On Shore	19,306,500	8	0.55%		8,696,600	6	0.49%	
Newport Jai Alai, LLC	19,062,200	9	0.54%		6,880,630	7	0.38%	
American Capital Corp.	18,451,500	10	0.53%					
Wellington Hotel Association					9,720,100	5	0.54%	
AL Ballard (Edgehill)					6,650,000	8	0.37%	
Franklin Simon/Bayside Village					6,082,000	9	0.34%	
American Shipyard					6,600,000	10	0.37%	
Total	\$ 380,473,100		10.83%		\$ 152,348,878		8.51%	

Source: City of Newport Assessor

The total net taxable grand list for 2006 was \$3,512,230,081

TABLE 7

CITY OF NEWPORT, RHODE ISLANDPROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(UNAUDITED)

FISCAL YEAR ENDED JUNE 30	NET TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		FISCAL YEAR OF THE LEVY	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
		AMOUNT				
1997	\$ 41,272,982	\$ 39,224,500	95.0%	\$ 2,020,268	\$ 41,244,768	99.9%
1998	41,916,824	39,811,764	95.0%	1,919,115	41,730,879	99.6%
1999	42,980,413	40,798,810	94.9%	2,054,274	42,853,084	99.7%
2000	44,376,017	42,083,037	94.8%	2,145,481	44,228,518	99.7%
2001	45,435,317	43,500,305	95.7%	1,790,531	45,290,836	99.7%
2002	47,052,966	45,377,615	96.4%	1,556,911	46,934,526	99.7%
2003	47,892,028	45,366,713	94.7%	1,545,769	46,912,482	98.0%
2004	49,028,731	47,848,444	97.6%	1,062,740	48,911,184	99.8%
2005	50,838,373	47,843,987	94.1%	1,176,982	49,020,969	96.4%
2006	52,053,701	50,818,303	97.6%	N/A	N/A	N/A

Source: City of Newport Tax Collector

TABLE 8

## CITY OF NEWPORT, RHODE ISLAND

RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(UNAUDITED)

FISCAL YEAR JUNE 30,	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES				TOTAL	PERCENTAGE OF PERSONAL INCOME*	NET BONDED DEBT PER CAPITA	TAXABLE ASSESSED VALUE	NET BONDED DEBT AS % OF TAXABLE ASSESSED VALUE
	GENERAL OBLIGATION BONDS	QZAB (1)	WATER		POLLUTION CONTROL						
			BONDS	BONDS	BONDS	BONDS					
1997	\$ 7,643,984	\$	\$ 17,013,625	\$	9,487,390	\$	34,144,999	0.0856%	\$ 1,277	\$ 1,789,303,783	1.91%
1998	6,918,471		15,440,946		8,430,583		30,790,000	0.1022%	1,152	1,797,515,137	1.71%
1999	6,230,503		13,928,695		7,355,802		27,515,000	0.1203%	1,039	1,815,870,935	1.52%
2000	5,534,044		12,427,530		6,313,427		24,275,001	0.1448%	917	1,859,509,767	1.31%
2001	4,948,033		11,035,648		5,331,321		21,315,002	0.1700%	809	1,915,943,433	1.11%
2002	23,081,549		9,617,022		10,228,198		42,926,769	0.0855%	1,634	1,867,552,228	2.30%
2003	22,195,538	1,863,536	8,260,140		15,112,707		47,431,921	0.0798%	1,820	3,493,610,992	1.36%
2004	20,980,000	1,863,536	6,960,000		14,771,329		44,574,865	0.0828%	1,722	3,464,271,121	1.29%
2005	19,950,218	1,863,536	6,104,687		14,161,797		42,080,238	Not available	1,661	3,478,880,395	1.21%
2006	18,757,747	1,863,536	5,109,518		13,176,781		38,907,582	Not available	1,535	3,512,230,081	1.11%

## Notes:

Details regarding the City's outstanding debt can be found in the Notes to Basic Financial Statements.

\* See Table 12 for personal income and population data used to calculate these ratios.

(1) The City of Newport is paying annual sinking fund payments of \$133,110 to a bank for repayment of the QZAB bond. Please see the Notes to Basic Financial Statements for additional information.

TABLE 9

CITY OF NEWPORT, RHODE ISLAND

RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
(UNAUDITED)

FISCAL YEAR JUNE 30,	GOVERNMENTAL ACTIVITIES			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY*	PER CAPITA**
	GENERAL OBLIGATION BONDS	QZAB	TOTAL		
1997	\$ 7,643,984	\$	\$ 7,643,984	0.43%	\$ 285.93
1998	6,918,471		6,918,471	0.38%	258.79
1999	6,230,503		6,230,503	0.34%	235.34
2000	5,534,044		5,534,044	0.30%	209.03
2001	4,948,033		4,948,033	0.26%	187.82
2002	23,081,549		23,081,549	1.24%	878.66
2003	22,195,538	1,863,536	24,059,074	0.69%	878.66
2004	20,980,000	1,863,536	22,843,536	0.66%	878.66
2005	19,950,218	1,863,536	21,813,754	0.63%	923.25
2006	18,757,747	1,863,536	20,621,283	0.40%	882.71

## NOTES:

Details regarding the city's outstanding debt can be found in the Notes to the Basic Financial Statements.

The City of Newport has no overlapping debt nor does it collect taxes for any other entity.

\* See Table 5 for property value data.

\*\* Population data can be found in Table 12.



TABLE 10

## CITY OF NEWPORT, RHODE ISLAND

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(UNAUDITED)

	FISCAL YEAR									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total assessed value Rhode Island General Law debt limitation as % of assessed value	\$ 1,789,303,783	\$ 1,797,515,137	\$ 1,815,870,935	\$ 1,859,509,767	\$ 1,876,786,530	\$ 1,886,642,052	\$ 3,562,729,202	\$ 3,464,271,121	\$ 3,555,854,111	\$ 3,593,472,358
	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Legal debt limit	53,679,113	53,925,454	54,476,128	55,785,293	56,303,596	56,599,262	106,881,876	103,928,134	106,675,623	107,804,171
Debt applicable to limit	7,643,984	6,918,471	6,230,503	5,534,044	4,948,033	23,081,549	24,059,074	22,843,536	21,813,754	20,621,283
Legal debt margin	\$ 46,035,129	\$ 47,006,983	\$ 48,245,625	\$ 50,251,249	\$ 51,355,563	\$ 33,517,713	\$ 82,822,802	\$ 81,084,598	\$ 84,861,869	\$ 87,182,888
Total net debt applicable to the limit as a percentage of debt limit	16.60%	14.72%	12.91%	11.01%	9.63%	68.86%	29.05%	28.17%	25.71%	23.65%

TABLE 11

## CITY OF NEWPORT, RHODE ISLAND

 PLEDGED REVENUE COVERAGE  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

FISCAL YEAR JUNE 30.	WATER REVENUE BONDS					WATER POLLUTION CONTROL REVENUE BONDS						
	UTILITY SERVICE CHARGES	LESS: OPERATING EXPENSES	NET AVAILABLE REVENUE	DEBT SERVICE		UTILITY SERVICE CHARGES	LESS: OPERATING EXPENSES	NET AVAILABLE REVENUE	DEBT SERVICE		COVERAGE	INTEREST
				PRINCIPAL	INTEREST				PRINCIPAL	INTEREST		
1997	\$ 6,657,346	\$ 3,586,695	\$ 3,071,151	\$ 1,589,851	\$ 978,820	\$ 5,362,607	\$ 3,563,128	\$ 1,799,479	\$ 1,196,619	\$ 478,830	1.07	1.07
1998	6,642,380	3,490,607	3,151,773	1,572,679	893,644	5,666,429	3,579,687	2,086,742	1,056,807	432,069	1.40	1.40
1999	6,970,072	3,996,610	2,973,462	1,512,251	801,852	5,557,536	3,606,871	1,950,665	1,074,781	398,387	1.32	1.32
2000	8,081,317	4,254,528	3,826,789	1,501,165	545,590	6,034,623	4,495,432	1,539,191	1,042,375	337,848	1.12	1.12
2001	8,281,934	4,305,387	3,976,547	1,391,882	622,711	5,837,598	4,871,796	965,802	982,106	370,128	0.71	0.71
2002	7,058,277	4,486,057	2,572,220	1,418,626	545,590	5,912,202	3,628,010	2,284,192	924,891	426,846	1.69	1.69
2003	7,693,021	5,187,938	2,505,083	1,356,882	477,487	5,796,526	3,821,404	1,975,122	907,107	434,383	1.47	1.47
2004	7,666,798	5,223,972	2,442,826	1,300,140	396,557	6,049,193	4,233,667	1,815,526	1,721,182	224,795	0.93	0.93
2005	7,100,096	5,489,324	1,610,772	855,313 *	171,496	5,885,602	4,553,443	1,332,159	921,723 *	323,326	1.07	1.07
2006	9,514,397	5,834,434	3,679,963	995,169	389,981	6,462,089	4,430,338	2,031,751	985,016	615,547	1.27	1.27

## NOTES:

Details regarding the City's outstanding debt can be found in the Notes to the Basic Financial Statements.

Operating expenses do not include interest or depreciation expense.

\* Net of refunding.

TABLE 12

CITY OF NEWPORT, RHODE ISLAND

DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)

FISCAL YEAR	POPULATION	PER CAPITA		SCHOOL ENROLLMENT ^	UNEMPLOYMENT RATE<
		PERSONAL INCOME>	JUNE 30,		
1996	26,700 **	\$ 27,781	2,994	4.4%	
1997	26,734 **	29,221	2,985	4.3%	
1998	26,734 **	31,457	2,836	4.0%	
1999	26,475 **	33,100	2,866	3.3%	
2000	26,475 **	35,159	2,815	3.2%	
2001	26,345 **	36,242	2,895	3.5%	
2002	26,269 **	36,720	2,917	3.0%	
2003	26,059 **	37,851	2,890	4.1%	
2004	25,879 **	36,908	2,796	4.6%	
2005	25,340 **	41,158	2,524	4.4%	
2006	25,340 *	Not Available	2,386	4.7%	

\* Source: Rhode Island Department of Planning.

\*\* Source: U.S. Bureau of the Census.

> Source: U.S. Bureau of Economic Analysis, Regional Economic Information System.  
The City's population is 31.0% of the County.

^ Source: City School Department.

< Source: RI Department of Labor & Training.

TABLE 13

## CITY OF NEWPORT, RHODE ISLAND

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND SEVEN YEARS AGO  
(UNAUDITED)

	2006				1999			
	EMPLOYER	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYERS	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
	Naval Undersea Warfare Center	2,824	1	18.7%	Naval Undersea Warfare Center	2,939	1	21.7%
	Naval Education and Training Center (NETC)	950	2	6.3%	Newport Hospital	933	2	6.9%
	Newport Hospital	878	3	5.8%	Naval Education and Training Center (NETC)	771	3	5.7%
	City of Newport	800	4	5.3%	City of Newport	765	4	5.6%
	James L. Maher Center	700	5	4.6%	Salve Regina University	500	5	3.7%
	Salve Regina University	500	6	3.3%	Newport Islander Doubletree Hotel	330	6	2.4%
	Preservation Society of Newport County	440	7	2.9%	Newport Marriott Hotel	300	7	2.2%
	Hyatt Regency Newport	330	8	2.2%	Child & Family Services of Newport County	260	8	1.9%
	Newport Marriott Hotel	300	9	2.0%	Naval War College	250	9	1.8%
	Child & Family Services of Newport County	280	10	1.9%	The Stop & Shop Co., Inc.	225	10	1.7%
Total		8,002		53.0%	Total	7,273		53.7%

Source: Rhode Island Economic Development Corporation.

NOTE: No reductions in the Naval Undersea Warfare Center or Naval Education and Training Center are recommended by the Base Realignment &amp; Closing Commission (BRAC).

TABLE 14

## CITY OF NEWPORT, RHODE ISLAND

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
(UNAUDITED)

	FISCAL YEAR									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government:										
Mayor and Council	7	7	7	7	7	7	7	7	7	7
City Manager	3	3	3	3	3	3	5	5	5	5
City Solicitor	4	4	4	4	4	3	3	3	3	3
Canvassing	2	2	2	2	2	2	2	2	2	2
Finance	28	26	28	29	29	29	22	22	22	21
City Clerk							6	6	6	6
Administrative services							17	17	17	17
Planning	14	14	15	15	16	16	12	12	12.5	13.5
Total General Government	58	56	59	60	61	60	74	74	74.5	74.5
Public safety:										
Police	114	109	111	111	111	111	114.5	114.5	114.5	114.5
Fire	98	98	98	98	98	98	99	99	99	99
Total Public Safety	212	207	209	209	209	209	213.5	213.5	213.5	213.5
Public health:										
Public works	25	25	24	24	24	24	18.6	18.6	18.6	18.6
Water	46	44	45	43	43	44	46	45.7	45.7	46.3
Wastewater	35	35	35	35	0.7	0.7	0.7	0.7	0.7	1.1
Total Public Health	106	104	104	102	67.7	68.7	65.3	65	65	66
Public welfare:										
Recreation and parks	18	19	19	19	19	19	19	19	19	19
Public education:										
Teachers	237	238	237	233	234	213	228	227	219	219
Pupil support	57	59	59	68	71	74	73	75	64	64
Executive and administrative	92	90	91	90	90	88	90	90	90	90
Total Public Education	386	387	387	391	395	375	391	392	373	373
Total	780	773	778	781	751.7	731.7	762.8	763.5	745	746

Source: City budgets.

**TABLE 15****CITY OF NEWPORT, RHODE ISLAND****OPERATING INDICATORS BY FUNCTION/PROGRAM  
(UNAUDITED)**

	FISCAL YEAR		
	2004*	2005	2006
<b><u>Function/Program</u></b>			
Police:			
Physical arrests	1,649	1,837	1,789
Parking violations	38,273	34,775	50,623
Traffic violations	7,563	8,740	10,119
Fire:			
Emergency responses	3,838	3,653	3,959
Fires extinguished	144	107	95
Inspections	250	385	1,338
Refuse collection:			
Refuse collected (tons/day, average)	21.71	30.92	33.17
Recyclables collected (tons/day, average)	6.43	8.31	9.32
Other public works:			
Street resurfacing (miles)	4.4	2.9	0.9
Parks and recreation:			
Athletic field rentals	47	25	22
Library:			
Volumes in collections	124,000	133,573	142,323
Water:			
New connections	91	96	69
Water mains breaks	20	16	23
Average daily production (thousands of gallons)	6,648	6,860	7,271
Wastewater:			
Average daily sewage treatment (thousands of gallons)	9,700	10,900 **	9,872

**Sources: Various City Departments.****NOTE:**

\* First year information is available.

\*\* Capacity exceeded in an effort to reduce CSOs. A CSO abatement program under RIDEM approval is currently underway.

**TABLE 16****CITY OF NEWPORT, RHODE ISLAND****CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
(UNAUDITED)**

	FISCAL YEAR		
	2004*	2005	2006
<b><u>Function/Program</u></b>			
Police:			
Stations	1	1	1
Patrol units	87	87	87
Fire stations	3	3	3
Public works:			
Streets (miles)	94	94	94
Streetlights	465	465	465
Traffic signals	5	5	5
Parks and recreation:			
Acreage	15	15	15
Playgrounds	13	13	13
Multi purpose playing fields	7	7	7
Tennis courts	18	18	18
Community centers	1	1	1
Water:			
Water mains (miles)	162	162	162
Fire hydrants	975	983	987
Storage capacity (thousands of gallons-treated)	10,500	10,500	10,500
Wastewater:			
Sanitary sewers (miles)	88	88	88
Storm sewers (miles)	46	46	46
Treatment capacity (thousands of gallons) (daily)	10,700	10,700	10,700

Source: Various City Departments.

**NOTE:**

\* First year information is available.

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**CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT**

**Docket No. 3818**

**Response to**

**Division of Public Utilities & Carriers' Data Requests**

**Set 1**

**Div. 1-4:**

(a) Please state whether any of the claimed employee positions are vacant. If yes, please identify the vacant position and the associated Docket No. 3675 salary base.

**Response:** Currently one position is vacant in the Distribution Department, which is the Senior Maintenance Mechanic.

(b) Please state the FY 2006 salary for any positions other than two deputy director positions listed on the first page of RFC Schedule C differ from the Docket No. 3675 Salary Base. If yes, please identify the differences.

Response: Please note that in Schedule C, the first column is mislabeled, it should read "Docket 3675 Proposed Salary". The comparison of Docket 3675 Proposed Salary to FY 2006 Actual in the Administration Account with differences as noted in the question is as follows:

	<u>Docket</u> <u>3675</u>	<u>FY 2006</u> <u>Actual</u>	<u>Difference</u>	<u>%</u>
<b>Dir. Of Public Works (Allocate 40%)</b>	<b>39,003.01</b>	<b>41,488.85</b>	<b>2,485.84</b>	<b>6%</b>
<b>Admin Secretary (Allocate 70%)</b>	<b>26,646.10</b>	<b>26,324.62</b>	<b>(321.48)</b>	<b>-1%</b>
<b>Financial Analyst</b>	<b>54,432.00</b>	<b>55,673.94</b>	<b>1,241.94</b>	<b>2%</b>
	<b>120,081.11</b>	<b>123,487.41</b>	<b>3,406.30</b>	<b>7%</b>

(c) Please explain why the FY 2007 and 2008 co-pays have not been adjusted to reflect increases in health insurance costs.

Response: The co-pays were estimates provided by the Finance Dept. at the time of filing, and any adjustment to the co-pay would have produced a negligible difference. As explained in Division Data Response 1-8 any cost-sharing from employees is deposited in the City's OPEB Trust account for retiree health benefits. The cost-sharing is not to be used to reduce operating expenditures and should not have been included in the salary calculations.

Prepared by: Karen Garcia & Helen de St. Jorre

**CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT**

**Docket No. 3818**

**Response to**

**Division of Public Utilities & Carriers' Data Requests**

**Set 1**

**Div. 1-4:**

(a) Please state whether any of the claimed employee positions are vacant. If yes, please identify the vacant position and the associated Docket No. 3675 salary base.

**Response (Revised):** Currently one position is vacant in the Distribution Department, which is the Senior Maintenance Mechanic. Salary base for the Senior Maintenance Mechanic in Docket 3675 was \$ 36,783.

Prepared by: Karen Garcia & Helen de St. Jorre

**CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT**  
**Docket No. 3818**  
**Response to**  
**Division of Public Utilities & Carriers' Data Requests**  
**Set 1**

**Div. 1-5:** Please provide the current health, dental, and life insurance premiums for each type of employee coverage.

**Response:**

	<u>Plan</u>	<u>Annual Premium</u>
Individual	Healthmate Var	5,353.56
Family	Healthmate Var	12,931.20
Family	Healthmate Coast to Coast	14,047.08
Family	Blue Chip	13,746.00
Individual	Dental	345.60
Family	Dental	1,085.76
Life Insur	.548 per thousand-\$22,000 coverage	120.65
Life Insur	.548 per thousand-\$30,000 coverage	164.52
Life Insur	.548 per thousand-\$50,000 coverage	274.20

Prepared By: Helen de St. Jorre

**CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT**

**Docket No. 3818**

**Response to**

**Division of Public Utilities & Carriers' Data Requests**

**Set 1**

**Div. 1-6:** Please provide workpapers and supporting documentation showing the derivation of the rate year health, dental and life insurance premiums reflected in RFC Schedule C.

**Response:** The City of Newport's Finance Dept. provided the rate year health, dental and life insurance premiums reflected in RFC Schedule C to be used for the rate filing. Annual current health, dental and life insurance premiums for each type of coverage are provided in the response to question 5 and the most recent communication from Blue Cross regarding the projected rate for FY 2008 is attached to the response for question 7. Please refer to the electronic copies of RFC Schedule C forwarded to all rate filing recipients for an explanation of the formulas used to arrive at the various calculations.

Prepared by: Helen de St. Jorre

**CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT**

**Docket No. 3818**

**Response to**

**Division of Public Utilities & Carriers' Data Requests**

**Set 1**

**Div. 1-7:** Please provide supporting documentation for the assumed 10 percent increase in health insurance premiums and the 5 percent increases in dental and life insurance premiums.

**Response:** These percentage increases were provided by our insurance providers for the purpose of budgeting. Final insurance rate adjustments have not yet been received.

Prepared by: Helen de St. Jorre

**CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT**

**Docket No. 3818**

**Response to**

**Division of Public Utilities & Carriers' Data Requests**

**Set 1**

**Div. 1-8:** Please explain the City's policy regarding the portion of health, dental and life insurance premiums that must be paid by the employee. Also, please state whether any changes in that policy are being planned or considered and, if so, explain.

**Response:** The City of Newport requires non-union employees to contribute 2% of their base salary up to a maximum of 10% of combined health and dental premiums towards health and dental coverage. No employees in the City of Newport contribute toward life insurance.

The newly settled (January 10, 2007) bargaining agreement with Rhode Island Council 94, AFSCME, AFL-CIO requires that active employees with family coverage contribute 2% of base salary and longevity towards health insurance. Current employees with individual coverage must contribute 1% of base salary and longevity towards health insurance. New hires must contribute 3.5% of base salary and longevity towards health insurance regardless of type of coverage. Retirees as of 6/1/09 will contribute 3% of premium. The Healthcare buy-back will be phased down to \$1,000 and Plan65 will be eliminated for employees retiring on or after 6/1/09.

The Newport Municipal Employees Association, National Education Association of Rhode Island (NEARI) for Supervisory Employees contract expired June 30, 2004. A new contract has not yet been agreed to. The City anticipates that NEA will follow the same health care changes that AFSCME agreed to.

The City Council passed a resolution in 2005 that requires the amount of any health and dental cost-sharing from employees to be deposited in the City's OPEB Trust account for retiree health benefits. The cost-sharing is not to be used to reduce operating expenditures.

Prepared by: Laura Sitrin

**CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT**

**Docket No. 3818**

**Response to**

**Division of Public Utilities & Carriers' Data Requests**

**Set 1**

**Div. 1-9:** Please explain what steps the City has taken in the last two years to control medical insurance costs. Also state whether any additional measures are being planned or considered and, if so, explain.

**Response:** The City of Newport helped found Governmental Health Group of Rhode Island, Inc., a newly formed group of municipalities that joined together to save on health insurance retention and administrative costs. This organization was founded on May 26, 2005. The City became self-insured (they had always been 100% rated) and saved approximately \$200,000 in the first year of operations. Subsequent savings should result from both the savings in retention and in claims. The City has also paired with Blue Cross Blue Shield of Rhode Island to bring wellness programs to the City's employees. Such programs include annual analysis of sugar, blood pressure etc., a walking program, a nutrition program and others. City management continues to negotiate changes in the bargaining agreements. Changes have been made to reduce benefits under the plans. City management has been focused on achieving a premium share and on reducing the City's Other Post Employment Benefits (OPEB) liability of \$131 million.

The City of Newport will continue to negotiate changes in bargaining agreements over the next few years and will continue to emphasize health insurance and OPEB liabilities. The City has received various options from a contracted study and will attempt to phase these in over the next 5-10 years.

Prepared by: Laura Sitrin

**CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT**

**Docket No. 3818**

**Response to**

**Division of Public Utilities & Carriers' Data Requests**

**Set 1**

**Div. 1-10:** Please provide all workpapers and calculations showing the derivation of the claimed rate year overtime in each account (Customer, Source of Supply Mainland, etc.).

Response: Please see the attached schedule for the derivation of the claimed rate year overtime in each account. The hourly overtime rate has been determined by taking the average hourly rate of \$20.26/hr and multiplying by 1.5.

Overtime is required when absences in staff are present due to vacation or sick time and also for emergency situations such as main breaks, pump failures etc.

Prepared by: Ken Mason



City of Newport- Docket #3818  
Division 1- 10

### Water Division Overtime

Account	Projected Hours	Hourly Rate	Total
Customer Service - 2209	266	30	\$8,000.00
Source of Supply Island- 2212	866	30	\$26,000.00
Source of Supply Mainland - 2213	333	30	\$10,000.00
Treatment Newport Plant - 2222	1666	30	\$50,000.00
Treatment Lawton Valley - 2223	1000	30	\$30,000.00
Transmission and Distribution - 2241	1833	30	\$55,000.00

**CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT**

**Docket No. 3818**

**Response to**

**Division of Public Utilities & Carriers' Data Requests**

**Set 1**

**Div. 1-11:** Please explain why Customer Service overtime is projected to increase from test year levels by more than the percentage increase in wages given that the test year included additional overtime associated with implementing the new billing software. In addition:

- a. Please identify the amount of overtime associated with the implementation of the new billing software.

**Response:** FY 06 overtime totaled \$5,877 of which approximately \$2,000 is attributable to implementation of the new billing software. Overtime for FY 06 was less than Docket #3675 approved \$13,000 due to additional expenditures in Temporary Salaries account 004. This account was utilized in lieu of overtime for this year due to the shortage in full time staffing for this department. With the department fully staffed it is anticipated Temporary/Seasonal salaries will drop back to normal levels and the Overtime account will increase over FY 06 figures. This account is requested to be funded at \$8,000, \$5,000 less than Docket #3675

Prepared by: Ken Mason

**CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT**

**Docket No. 3818**

**Response to**

**Division of Public Utilities & Carriers' Data Requests**

**Set 1**

**Div. 1-12:** Please identify the number of days that the Sakonnet Pump Station has been operated in FY 2007 and the resulting amounts on overtime and temporary/seasonal wages.

**Response:** As of the current date, it has not been necessary to operate the Sakonnet Pump Station in FY 07. No overtime or temporary/seasonal wages have been paid in FY 07 for the operation of the pump station.

Activation of the Sakonnet Pump Station is required when supplies on the island are low and water is needed from the mainland, or if required due to water quality issues with the island reservoirs.

Prepared by: Ken Mason

**CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT**

**Docket No. 3818**

**Response to**

**Division of Public Utilities & Carriers' Data Requests**

**Set 1**

**Div. 1-13:** Please explain and show the derivation of the 12 percent projected cumulative increase used in adjusting holiday pay and other wage related items (e.g., overtime) to rate year levels. Identify the percentage increases by year included in this 12 percent projection.

**Response:** The rate year levels for Holiday Pay and Overtime Pay were developed using the current average salary base which has not been adjusted since FY 2004 when the current Collective Bargaining Agreement expired. In order to arrive at an average salary base for the rate year an estimated annual 3% increase was used. Holiday Pay is applicable to the staffing of the two water treatment plants and takes into account the twelve observed holidays. The projections of overtime hours are detailed in the response to Division 1-10.

We have prepared two schedules. The first shows the derivation for Holiday Pay and Overtime Pay used in the filing documents with the 12 percent projected cumulative increases assuming a 3% per annum starting FY 2005 to the rate year FY 2008.

The second schedule shows the derivation for Holiday Pay and Overtime Pay using the contractual 3.5% per annum as agreed to in the new Collective Bargaining Agreement with Rhode Island Council 94, AFSCME, AFL-CIO, retro active to FY 2005.

Prepared By: Karen Garcia & Helen de St Jorre

**CITY OF NEWPORT**  
**WATER DEPARTMENT**  
**HOLIDAY & OVERTIME PAY**  
**Div 1-13**  
**KLG 03-06-07**

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
		3% INCREASE	3% INCREASE	3% INCREASE	3% INCREASE
<b>OVERTIME PAY @ 1.5 %</b>					
Base rate	18.00	18.54	19.10	19.67	20.26
<b>Customer Service - 2209</b>					
Projected hours	266	266	266	266	266
Rate OT	27.00	27.81	28.64	29.50	30.39
Total OT Dept	7,182.00	7,397.46	7,619.38	7,847.97	8,083.40
<b>Source of Supply Island- 2212</b>					
Projected hours	866	866	866	866	866
Rate OT	27.00	27.81	28.64	29.50	30.39
Total OT Dept	23,382.00	24,083.46	24,805.96	25,550.14	26,316.65
Source of Supply Mainland - 2213					
Projected hours	333	333	333	333	333
Rate OT	27.00	27.81	28.64	29.50	30.39
Total OT Dept	8,991.00	9,260.73	9,538.55	9,824.71	10,119.45
Treatment Newport Plant - 2222					
Projected hours	1666	1666	1666	1666	1666
Rate OT	27.00	27.81	28.64	29.50	30.39
Total OT Dept	44,982.00	46,331.46	47,721.40	49,153.05	50,627.64
Treatment Lawton Valley - 2223					
Projected hours	1000	1000	1000	1000	1000
Rate OT	27.00	27.81	28.64	29.50	30.39
Total OT Dept	27,000.00	27,810.00	28,644.30	29,503.63	30,388.74
Transmission and Distribution - 2241					
Projected hours	1833	1833	1833	1833	1833
Rate OT	27.00	27.81	28.64	29.50	30.39
Total OT Dept	49,491.00	50,975.73	52,505.00	54,080.15	55,702.56
Totals all Departments	161,028.00	165,858.84	170,834.61	175,959.64	181,238.43
DIV 1-13 attach holiday &OT					

**CITY OF NEWPORT**  
**WATER DEPARTMENT**  
**HOLIDAY & OVERTIME PAY**  
**Div 1-13**  
**KLG 03-06-07**

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
		3.5% INCREAS	3.5% INCREASE	3.5% INCREAS	3.5% INCREASE
<b>OVERTIME PAY @ 1.5 %</b>					
Base rate	18.00	18.63	19.28	19.96	20.66
<b>Customer Service - 2209</b>					
Projected hours	266	266	266	266	266
Rate OT	27.00	27.95	28.92	29.94	30.98
Total OT Dept	7,182.00	7,433.37	7,693.54	7,962.81	8,241.51
<b>Source of Supply Island- 2212</b>					
Projected hours	866	866	866	866	866
Rate OT	27.00	27.95	28.92	29.94	30.98
Total OT Dept	23,382.00	24,200.37	25,047.38	25,924.04	26,831.38
<b>Source of Supply Mainland - 2213</b>					
Projected hours	333	333	333	333	333
Rate OT	27.00	27.95	28.92	29.94	30.98
Total OT Dept	8,991.00	9,305.69	9,631.38	9,968.48	10,317.38
<b>Treatment Newport Plant - 2222</b>					
Projected hours	1666	1666	1666	1666	1666
Rate OT	27.00	27.95	28.92	29.94	30.98
Total OT Dept	44,982.00	46,556.37	48,185.84	49,872.35	51,617.88
<b>Treatment Lawton Valley - 2223</b>					
Projected hours	1000	1000	1000	1000	1000
Rate OT	27.00	27.95	28.92	29.94	30.98
Total OT Dept	27,000.00	27,945.00	28,923.08	29,935.38	30,983.12
<b>Transmission and Distribution - 2241</b>					
Projected hours	1833	1833	1833	1833	1833
Rate OT	27.00	27.95	28.92	29.94	30.98
Total OT Dept	49,491.00	51,223.19	53,016.00	54,871.56	56,792.06
<b>Totals all Departments</b>	<b>161,028.00</b>	<b>166,663.98</b>	<b>172,497.22</b>	<b>178,534.62</b>	<b>184,783.33</b>

**CITY OF NEWPORT**  
**WATER DEPARTMENT**  
**HOLIDAY & OVERTIME PAY**  
**Div 1-13**  
**KLG 03-06-07**

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
		3.5% INCREAS	3.5% INCREASE	3.5% INCREAS	3.5% INCREASE
<b>HOLIDAY PAY Lawton Valley</b>					
Average rate of pay	18.00	18.63	19.28	19.96	20.66
Operator totals	9	9	9	9	9
Number of Holidays	12	12	12	12	12
Number of hours per Holiday	8	8	8	8	8
Totals	15,552.00	16,096.32	16,659.69	17,242.78	17,846.28
<b>HOLIDAY PAY Station One</b>					
Average rate of pay	18.00	18.63	19.28	19.96	20.66
Operator totals	9	9	9	9	9
Number of Holidays	12	12	12	12	12
Number of hours per Holiday	8	8	8	8	8
Totals	15,552.00	16,096.32	16,659.69	17,242.78	17,846.28





HOLIDAY PAY Lawton Valley					
Average rate of pay	18.00	18.54	19.10	19.67	20.26
Operator totals	9	9	9	9	9
Number of Holidays	12	12	12	12	12
Number of hours per Holiday	8	8	8	8	8
Totals	15,552.00	16,018.56	16,499.12	16,994.09	17,503.91

HOLIDAY PAY Station One					
Average rate of pay	18.00	18.54	19.10	19.67	20.26
Operator totals	9	9	9	9	9
Number of Holidays	12	12	12	12	12
Number of hours per Holiday	8	8	8	8	8
Totals	15,552.00	16,018.56	16,499.12	16,994.09	17,503.91

**CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT**

**Docket No. 3818**

**Response to**

**Division of Public Utilities & Carriers' Data Requests**

**Set 1**

**Div. 1-14:** With regard to the claimed increase in fire and liability insurance from the test year to the rate year:

**(a)** Please provide all supporting documentation for the claimed increase.

**Response:** No formal adjustment for FY 2008 has been made by our insurers to date but will be sent to the City within the next two months. A range of increases was given verbally for budget purposes from a representative of the Rhode Island Interlocal Trust. The fire and liability insurance increase is projected to be in the area of 8-10%.

**(b)** Please provide the actual cost of fire and liability insurance in fiscal years 2003, 2004 and 2005 for each policy or coverage.

**Response:** Please see below for the actual cost of fire and liability insurance in fiscal years 2003, 2004 and 2005 for each policy or coverage:

Account Name	Account #	2003	2004	2005
Fire & Liability Insurance	239	89,470.64	89,691.52	83,932.06

**(c)** Please provide the most recent actual premiums and the policy period for each policy or coverage.

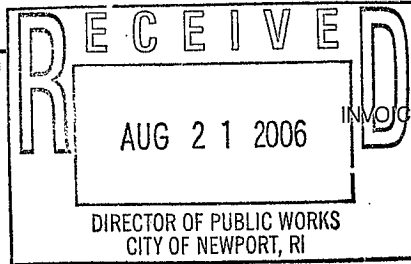
**Response:** The most recent actual premium paid by the City for property and automobile insurance for FY 2007 is for \$632,817 of which \$100 applies only to the City's skate park. The Water Fund share of the fire and liability insurance is \$83,222. A copy of the invoice is attached. The Water Fund also paid premiums of \$2,013 for the Sakonnet Pump Station flood insurance and \$2,993 for the 70 Halsey Street administration building for flood insurance, both for the policy year October 26, 2006 through October 26, 2007 (copies attached).

Prepared by: Helen de St. Jorre

## INVOICE

## R.I. INTERLOCAL RISK MANAGEMENT TRUST

501 WAMPANOAG TRAIL, SUITE 301 (401) 438-6511  
EAST PROVIDENCE, RI 02915



INVOICE NUMBER: 8086

PAGE: 1

## SOLD TO:

Laura Sitrin  
City of Newport  
Finance Director  
City Hall - 43 Broadway  
Newport, RI 02840

*(see attached)*  
*DUE 9-7-06*

CUSTOMER ID	CUSTOMER PO	SALES REP ID
NEWPCIT		
PAYMENT TERMS	INVOICE DATE	DUE DATE
Net 75 Days	Aug 7, 2006	10/21/06
DESCRIPTION		AMOUNT
Liability & Property Insurance Premium Contribution PY06-07		\$578,786.00
Excess Liability Insurance Premium Contribution for coverage in excess of \$1 million PY06-07		\$53,722.00
Skate Park Liability Endorsement Premium Contribution PY06-07		\$100.00
Special Exclusion Endorsement Premium Contribution PY06-07		\$209.00
<p>Premium contributions are payable in two installments: 50% within 30 days and 50% within 60 days from the date of the original invoice. Late payment interest accrues on any outstanding balance at a rate of 12% per annum, commencing 75 days after the original invoice date.</p>		
Subtotal		\$632,817.00
Sales Tax		
Total Invoice Amount		\$632,817.00
Payment Received		0.00
TOTAL DUE		\$632,817.00

Please return yellow invoice copy with payment.

080805/11-94

**CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT**

**Docket No. 3818**

**Response to**

**Division of Public Utilities & Carriers' Data Requests**

**Set 1**

**Div. 1-15:** Please provide all workpapers and documentation for the claimed rate year sewer charge. Include actual volumes discharged at the Newport Plant in FY 2004, FY 2005, and the most recent 12 months available. Also explain and document how the projected volumes from Lawton Valley were derived.

**Response:** Please see the attached schedule for the sewer charges at the Newport Plant Station 1.

Upon completion of the Residuals Management Project at the Lawton Valley treatment plant, waste will be discharged to the Town of Middletown collection system with final treatment and discharge at the City of Newport's Wastewater Treatment Plant. Flow will be metered. As this is a new account for the plant, City staff has calculated flow to the wastewater treatment plant as follows;

• Sedimentation Basins Cleanings	
400,000 gallons x 3 basins x 4 times/year	4,800,000 gals
• Sedimentation Basin Blowdowns	
35,000 gallons/day x 365 days	12,775,000 gals
• Plant Water	
14,400 gallons/day x 365 days	5,256,000 gals
<b>TOTAL</b>	<b>22,831,000 gals</b>
<b>Rate with 3% increase 0.00532</b>	<b>\$121,460.00</b>

Prepared by: Ken Mason

SEWER CHARGES NEWPORT STATION 1

	DATE	TOTAL GAL.	RATE (\$)	AMOUNT
FY 04	July '03	2,842,000	0.00517	\$14,693.14
	Aug '03	3,903,000	0.00517	\$20,178.51
	Sept '03	3,687,000	0.00517	\$19,061.79
	Oct '03	3,764,000	0.00517	\$19,459.88
	Nov '03	3,577,000	0.00517	\$18,493.09
	Dec '03	3,661,000	0.00517	\$18,927.37
	Jan '04	3,637,000	0.00517	\$18,803.29
	Feb'04	3,513,000	0.00517	\$18,162.21
	Mar '04	3,789,000	0.00517	\$19,589.13
	Apr '04	3,621,000	0.00517	\$18,720.57
	May '04	2,270,000	0.00517	\$11,735.90
	Jun '04	2,113,000	0.00517	\$10,924.21
	total	40,377,000		\$208,749.09
FY 05	July '04	2,187,000	0.00517	\$11,306.79
	Aug '04	2,674,000	0.00517	\$13,824.58
	Sept '04	2,839,000	0.00517	\$14,677.63
	Oct '04	3,607,000	0.00517	\$18,648.19
	Nov '04	2,546,000	0.00517	\$13,162.82
	Dec '04	2,559,000	0.00517	\$13,230.03
	Jan '05	2,513,000	0.00517	\$12,992.21
	Feb '05	2,280,000	0.00517	\$11,787.60
	Mar '05	2,493,000	0.00517	\$12,888.81
	Apr '05	1,925,000	0.00517	\$9,952.25
	May '05	1,109,000	0.00517	\$5,733.53
	June '05	1,853,000	0.00517	\$9,580.01
	total	28,585,000		\$147,784.45
FY 06	July '05	1,496,000	0.00517	\$7,734.32
	Aug '05	2,024,000	0.00517	\$10,464.08
	Sep-05	1,900,000	0.00517	\$9,823.00
	Oct-05	1,878,000	0.00517	\$9,709.26
	Nov-05	1,801,000	0.00517	\$9,311.17
	Dec-05	1,857,000	0.00517	\$9,600.69
	Jan-06	1,869,000	0.00517	\$9,662.73
	Feb-06	1,704,000	0.00517	\$8,809.68
	Mar-06	1,871,000	0.00517	\$9,673.07
	Apr-06	1,825,000	0.00517	\$9,435.25
	May-06	1,922,000	0.00517	\$9,936.74
	Jun-06	1,867,000	0.00517	\$9,652.39
	total	22,014,000		\$113,812.38
FY07	Jul-06	1,940,000	0.00517	\$10,029.80
	Aug-06	1,952,000	0.00517	\$10,091.84
	Sep-06	1,885,000	0.00517	\$9,745.45
	Oct-06	1,876,000	0.00517	\$9,698.92
	Nov-06	1,846,000	0.00517	\$9,543.82
	Dec-06	1,866,000	0.00517	\$9,647.22
	Jan-07	1,893,000	0.00517	\$9,786.81
	total	13,258,000		\$68,543.86

Rate Year with 3% increase	25,300,000	0.00532	\$134,596.00
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**CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT**

**Docket No. 3818**

**Response to**

**Division of Public Utilities & Carriers' Data Requests**

**Set 1**

**Div. 16 (a):** Please explain why the City of Newport privatized gas and vehicle maintenance if the costs would increase by 15 percent.

**Response:** The City of Newport had continual turnover and short staffing issues in the Fleet Maintenance Division. Vehicles were not being serviced for basic maintenance due to lack of staffing. The negotiated mechanic pay rates are insufficient to entice or keep mechanics. The City has increasingly had to send vehicles out to local repair shops for routine service. The 15% increase results somewhat from the City's inability to provide resources to properly maintain vehicles. Had the City spent what was required, the increase would disappear.

A second issue is that the City's fleet has grown in size and complexity.

Please note that long-term savings in employee costs and benefits will more than offset the original increase.

Prepared by: Laura Sitrin

**16(b):** Please provide a copy of any cost/benefit or other studies prepared in conjunction with the decision to privatize.

**Response:** The City's Equipment Operations Division is part of the Department of Administrative Services. The decision to privatize the Equipment Operations Division was made by the City Manager and City Council. The Director of Administrative Services indicated that there is no written study for the decision. The City competitively bid, via an RFP (Request for Proposals) process, the management and staffing of Equipment Operations Division. The discussions with the Director of Administrative Services revealed that, due to short staffing, it was critical that a solution be found to operations shortfalls to ensure that employees, public safety equipment and other vehicles are safe, properly maintained and available for use. Additionally, it was found that some divisions require routine services which were not possible to provide with City staff.

The Director of Administrative Services stated that a variety of factors contributed to the City's short staffing and inability to keep up with Fleet equipment needs:

1. Pay rates for competent and effective mechanics exceeded negotiated AFSMCE local contract rates. This led to an inability to attract and retain staff that have CDL, RI inspection certificate, SAE certification, satisfactory tools (our mechanics supply their own tools), and education attainment.
2. Consistent growth in fleet size and complexity. The fleet has grown from approximately 165 units in 2003 to a present level of 175 units. Additionally the demands of newer vehicles require sophisticated training and tooling to effectively maintain these units over the long term.

**CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT**

**Docket No. 3818**

**Response to**

**Division of Public Utilities & Carriers' Data Requests**

**Set 1**

3. Development of automated procedures and methodologies while addressing above. While the City has implemented a basic work order and processing systems to properly account for fleet expenses, to consistently apply best management practice we are better served by a business that is solely dedicated to fleet maintenance.

Over the long term, this arrangement reduces future retirement and benefits liabilities to the City. The City anticipates this service to be budget neutral in fiscal year 2007.

The City retained two equipment operations employees to provide services specific to the Fire Apparatus and the fuel delivery system. This operating method provides maximum operations value to the City with reduction in post retirement costs and liabilities and the retention of City employees to secure critical emergency and fueling system services via in house control.

Please also see the attached Resolution of the Council authorizing the contract to First Vehicle.

Prepared by: H. de St. Jorre

**16 (c):** Please provide a copy of any supporting documentation for the 15 percent increase claimed, including any correspondence from the Director of Administrative Services.

Response: The City Manager's proposed budget for Fleet Maintenance is attached.

Prepared by: Laura Sitrin



THE CITY OF NEWPORT

**RESOLUTION**

**OF THE**

**COUNCIL**

No. ....2006-160

WHEREAS, the Director of Administrative Services requested sealed bids for **Equipment Operations Maintenance and Repair outsourcing**, Bid Number 06-063. Bids were received on 28 June 2006; and

WHEREAS, award has been recommended to the responsible bidder, meeting all of the specifications of the bid, as follows:

First Vehicle Services of Cincinnati, Ohio for the following:

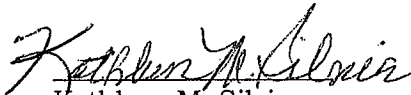
1. **Total bid price of \$690,171**
  2. Additional directed work at \$52.00 per hour
  3. Other charges per bid 06-063 and as defined in cost proposal.
- NOW THEREFORE BE IT

RESOLVED: that the Bid of First Vehicle Services is hereby accepted and the Mayor is authorized to sign said contract, upon review by the City Solicitor's office, on behalf of the City of Newport.

IN COUNCIL

READ AND PASSED

NOV 08 2006

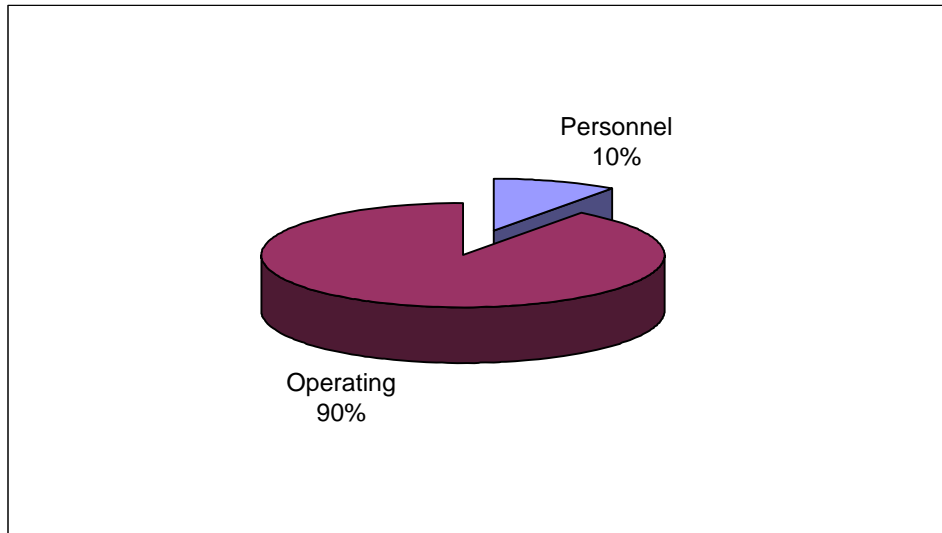
  
Kathleen M. Silvia  
City Clerk

**CITY OF NEWPORT, RHODE ISLAND  
2007-2008 EQUIPMENT OPERATIONS FUND  
SUMMARY**

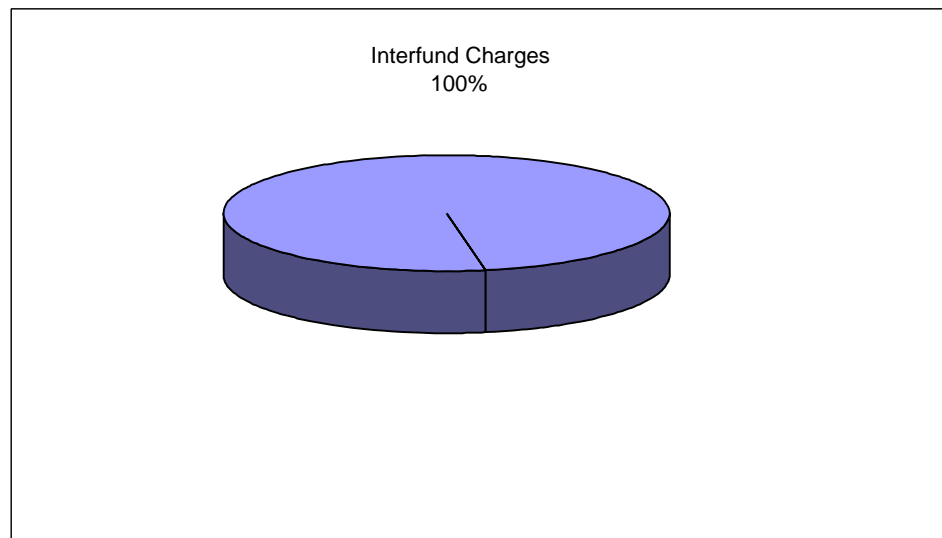
<b>REVENUES</b>	<b>2005-06 ACTUAL</b>	<b>2006-07 BUDGET</b>	<b>2006-07 PROJECTED</b>	<b>2007-08 PROPOSED</b>
Interfund Charges	\$ 1,150,337	\$ 1,104,304	\$ 1,211,743	\$ 1,349,142
<b>TOTAL REVENUES &amp; OTHER SOURCES OF FUNDS</b>	<b>\$ 1,150,337</b>	<b>\$ 1,104,304</b>	<b>\$ 1,211,743</b>	<b>\$ 1,349,142</b>
<b>EXPENDITURES</b>				
Salaries	\$ 144,607	\$ 253,995	\$ 140,446	\$ 99,247
Fringe Benefits	70,313	110,593	50,000	34,631
Purchased Services	128,105	102,652	398,064	620,687
Utilities	23,046	22,600	18,500	21,650
Internal Services	4,125	3,636	1,000	4,445
Materials & Supplies	760,591	590,500	583,405	548,154
Depreciation Expense	19,550	20,328	20,328	20,328
Operating Expenditures	1,150,337	1,104,304	1,211,743	1,349,142
Capital Outlay	-	-	-	-
Other Expenditures	-	-	-	-
<b>TOTAL EXPENDITURES &amp; CASH OUTLAYS</b>	<b>\$ 1,150,337</b>	<b>\$ 1,104,304</b>	<b>\$ 1,211,743</b>	<b>\$ 1,349,142</b>
<b>NET ASSETS 6/30</b>	<b>\$ 173,252</b>	<b>\$ 173,252</b>	<b>\$ 173,252</b>	<b>\$ 173,252</b>
<b>CASH BALANCE 6/30</b>	<b>\$ 145,141</b>	<b>\$ 165,469</b>	<b>\$ 165,469</b>	<b>\$ 185,797</b>

### ***Equipment Operations***

**Expenditures \$1,349,142**



**Revenues \$1,349,142**



**FUNCTION: Equipment Operations Fund**  
**DEPARTMENT: Equipment Operations**  
**DIVISION OR ACTIVITY: Equipment Operations**

**BUDGET COMMENTS:**

The fleet maintenance of all city equipment other than fire trucks has been outsourced to First Vehicle effective January 2007. This has caused costs to shift in the department from salaries and benefits to contract services. The proposed cost for contract services is \$510,967. Other major costs include \$325,000 for motor fuel and \$189,204 for special parts and equipment.

**PROGRAM:**

This program provides funds for the City's vehicle and equipment repair facilities located at the Public Works garage. This division is responsible for: developing specifications for new and replacement vehicles and equipment; administration and execution of a comprehensive preventive maintenance program for all vehicles and equipment in the City's fleet; receiving, inspecting and providing modifications to vehicles and equipment as required by user departments; maintenance of a replacement parts inventory; providing mechanical repairs as required and responding accordingly during weather and/or public safety emergencies; operation of a computerized fuel dispensing system; disposing of surplus vehicles and equipment through competitive bidding sales; and maintaining a vehicle inventory and vehicle registrations as required by the Rhode Island Department of Transportation. This repair facility is licensed by the State of Rhode Island as an Official Inspection Station and provides all annual inspections as required.

**OBJECTIVES:**

To optimize the safety and performance and minimize the life cycle costs of City vehicles through the provision of a cost-effective prevention maintenance program.

**COST CENTER: EQUIPMENT OPERATIONS FUND - 09-120-08820**

<b>TITLE</b>	<b>2005-06 ACTUAL</b>	<b>2006-07 BUDGETED</b>	<b>2006-07 ESTIMATED</b>	<b>2007-08 PROPOSED</b>
SALARIES	\$ 144,607	\$ 253,995	\$ 140,446	\$ 99,247
FRINGE BENEFITS	70,313	110,593	50,000	34,631
PURCHASED SERVICES	128,105	102,652	398,064	620,687
UTILITIES	23,046	22,600	18,500	21,650
INTERNAL SERVICES	4,125	3,636	1,000	4,445
MATERIALS & SUPPLIES	760,591	590,500	583,405	548,154
DEPRECIATION	19,550	20,328	20,328	20,328
<b>COST CENTER TOTAL</b>	<b>\$ 1,150,337</b>	<b>\$ 1,104,304</b>	<b>\$ 1,211,743</b>	<b>\$ 1,349,142</b>

<b>PERSONNEL CLASSIFICATION</b>	<b>GRADE</b>	<b>AUTH FY 05-06</b>	<b>AUTH FY 06-07</b>	<b>MID-YEAR FY 06-07</b>	<b>PROPOSED FY 07-08</b>
Equipment Maint Super	N10	1.0	1.0	0.0	0.0
Head Auto Mechanic	U11	1.0	1.0	1.0	1.0
Senior Auto Mechanic	U10	2.0	2.0	0.0	0.0
Auto Mechanic	U09	2.0	2.0	1.0	1.0
<b>Total Positions</b>		<b>6.0</b>	<b>6.0</b>	<b>2.0</b>	<b>2.0</b>

**CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT**

**Docket No. 3818**

**Response to**

**Division of Public Utilities & Carriers' Data Requests**

**Set 1**

**Div. 1-17:** Please explain and provide workpapers showing the derivation of the claimed annual leave buyback amounts for each account.

**Response:** Annual leave buyback is a discretionary account whereby any employee who accumulates at least 100 hours in accrued annual leave may elect, in lieu of taking the time off with pay, to be paid for the time. Since, by definition, the account activity is based upon the individual employee's needs, there is no way to project future expenditures except based upon prior history. Therefore, a schedule reflecting the actual FY 2006 expense is as follows:

Annual Leave BuyBack

	FY <u>2006</u>
Administration	0
Customer Service	\$ 3,655
Source of Supply-Island	\$ 5,320
Treatment Plant-Newport	\$ 4,539
Treatment Plant-LawtonValley	\$ 2,610
Laboratory	\$ 1,268
Trans & Dist Maint	\$ <u>4,745</u>
Total	\$22,137

Prepared by: Helen de St. Jorre

**CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT**

**Docket No. 3818**

**Response to**

**Division of Public Utilities & Carriers' Data Requests**

**Set 1**

**Div. 1-18:** Please identify the annual leave buyback amounts in FY 2003, FY 2004, and FY 2005.

**Response:**

Annual Leave Buyback

<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
\$33,659.92	\$21,120.88	\$19,280.46

Prepared by: H. de St. Jorre

**CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT**

**Docket No. 3818**

**Response to**

**Division of Public Utilities & Carriers' Data Requests**

**Set 1**

**Div. 1-19:** Please provide workpapers and supporting documentation for the claimed increase of 30 percent in workers' compensation claims and premiums. Include actual workers' compensation costs in the years FY 2003, FY 2004 and FY 2005 to the extent not otherwise included.

**Response:** The actual workers compensation premium paid by the City in FY 2003 was \$136,668 and the Water Fund share was \$48,820. The actual premium paid by the City in FY 2004 was \$136,668 and the Water Fund share was \$58,271. The actual premium paid by the City in FY 2005 was \$143,501 and the Water Fund share was \$38,926.

The claimed increase of 30% was verbally provided by our insurer, Interlocal Risk Management Trust, and was for purposes of budgeting. A formal adjustment will be sent to the City within the next two months. However, we have attached as supporting documentation the City's invoice for \$222,427 for FY 2006 and for \$296,531 FY 2007, an increase of 33.316%. The Trust's projection for FY 2008, therefore, appears reasonable.

Prepared by: Helen de St. Jorre



# INVOICE

## INTERLOCAL RISK MANAGEMENT TRUST

501 WAMPANOAG TRAIL, SUITE 301 (401) 438-6511  
EAST PROVIDENCE, RI 02915

INVOICE NUMBER: **6825**

PAGE: **1**

**SOLD TO:**

Laura Sitrin  
City of Newport  
Finance Director  
City Hall - 43 Broadway  
Newport, RI 02840

CUSTOMER ID	CUSTOMER PO	SALES REP ID
NEWPCIT		
PAYMENT TERMS	INVOICE DATE	DUE DATE
Net 75 Days	Jun 22, 2005	9/5/05

DESCRIPTION	AMOUNT
Workers' Compensation Insurance Premium Contribution 05-06	\$222,427.00

Premium contributions are payable in two installments: 50% within 30 days and 50% within 60 days from the date of the original invoice. Late payment interest accrues on any outstanding balance at a rate of 12% per annum, commencing 75 days after the original invoice date.

Subtotal	\$222,427.00
Sales Tax	
Total Invoice Amount	\$222,427.00
Payment Received	0.00
TOTAL DUE	\$222,427.00

Please return yellow invoice copy with payment.

# INVOICE

## R.I. INTERLOCAL RISK MANAGEMENT TRUST

501 WAMPANOAG TRAIL, SUITE 301 (401) 438-6511  
EAST PROVIDENCE, RI 02915

INVOICE NUMBER: 7900

PAGE: 1

SOLD TO:

Laura Sitrin  
City of Newport  
Finance Director  
City Hall - 43 Broadway  
Newport, RI 02840

*Handwritten notes:*  
See invoice for details  
9/1/06  
SALES REP ID  
DUE DATE  
9/14/06  
Thanks  
ES

CUSTOMER ID	CUSTOMER PO	SALES REP ID
NEWPCIT		
PAYMENT TERMS	INVOICE DATE	DUE DATE
Net 75 Days	Jul 1, 2006	9/14/06
DESCRIPTION		AMOUNT
Workers' Compensation Insurance Premium Contribution PY06-07		\$296,531.00
<p>Premium contributions are payable in two installments: 50% within 30 days and 50% within 60 days from the date of the original invoice. Late payment interest accrues on any outstanding balance at a rate of 12% per annum, commencing 75 days after the original invoice date.</p>		<p>Subtotal \$296,531.00</p> <p>Sales Tax</p> <p>Total Invoice Amount \$296,531.00</p> <p>Payment Received 0.00</p> <p>TOTAL DUE \$296,531.00</p>

Please return yellow invoice copy with payment.

**CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT**

**Docket No. 3818**

**Response to**

**Division of Public Utilities & Carriers' Data Requests**

**Set 1**

**Div. 1-20:** Please provide a breakdown of consultant fees for the FY 2006 test year by provider. Identify the amounts associated with Docket No. 3675 through the approval of the settlement, the amounts associated with Docket No. 3675 follow-up activities and the amounts associated with other non-Docket No. 3675 work.

**Response:**

<b>Vendor</b>	<b>Docket 3675</b>	<b>Docket 3675 Follow up</b>	<b>Other</b>	<b>Total</b>
Keough& Sweeney	26,781.61		19,438.56	46,220.17
Raftelis Financial Consultants	51,211.61	1,787.50	11,680.70	64,679.81
Division PUC	28,143.00			28,143.00
<b>Totals</b>	<b>106,136.22</b>	<b>1,787.50</b>	<b>31,119.26</b>	<b>139,042.98</b>

Prepared by: Karen Garcia

**CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT**

**Docket No. 3818**

**Response to**

**Division of Public Utilities & Carriers' Data Requests**

**Set 1**

**Div. 1-21:** Please provide a breakdown of the FY2007 City budget by Division/Function similar to that provided in response to Div 3-5 in Docket No. 3675 for FY 2006.

**Response:** Please see the attached pages from the FY2007 Adopted Operating Budget.

Prepared by: Helen de St. Jorre

**CITY OF NEWPORT, RHODE ISLAND  
2006-2007 ADOPTED BUDGET  
GENERAL FUND EXPENDITURES**

<b>ACCT NUMBER</b>	<b>ACCOUNT NAME</b>	<b>2005 ACTUAL EXPEND</b>	<b>2006 ADOPTED BUDGET</b>	<b>2006 PROJECTED RESULTS</b>	<b>2007 ADOPTED BUDGET</b>	<b>Dollar Change</b>	<b>Percent Change</b>
011-150-07210-0544	Public School Operations	22,916,497	23,041,396	23,041,396	23,317,893	276,497	1.20%
Total School		22,916,497	23,041,396	23,041,396	23,317,893	276,497	1.20%
011-150-07100-0567	Public Library Operation	1,379,758	1,418,897	1,418,897	1,516,464	97,567	6.88%
011-150-08130-0225	Independent Audit	118,897	100,000	100,000	85,000	(15,000)	-15.00%
011-150-08520-0051	Pension Expenses - Monthly	17,108	19,000	17,108	17,621	(1,379)	-7.26%
011-150-08520-0103	Pension Retired Insur Cover	332,738	247,795	369,277	380,355	132,560	53.50%
011-150-08520-0104	Monthly Insurance	5,316	8,000	5,563	6,000	-	0.00%
011-150-08520-0727	PEHC Contribution	-	9,000	-	-	(9,000)	-100.00%
011-150-08520-0770	Severance Benefits	544,261	525,000	502,700	550,000	25,000	4.76%
015-150-08520-6010	Contribution to OPEB Trust Pensions	-	-	457,868	525,000	525,000	0.00%
		899,423	806,795	1,362,314	1,478,977	672,182	83.32%
<b>TOTAL FIDUCIARY ACCOUNTS</b>		<b>25,314,575</b>	<b>25,367,088</b>	<b>25,912,607</b>	<b>26,398,333</b>	<b>1,031,245</b>	<b>4.07%</b>
011-160-08540-0220	Debt Service Advisory Service	51,929	2,000	2,000	52,000	50,000	2500.00%
011-160-08540-0451	Bond Principal	1,147,382	1,325,580	1,325,580	1,337,421	11,841	0.89%
011-160-08540-0452	Bond Interest	934,012	837,868	837,868	799,782	(38,106)	-4.55%
	Debt Service	2,133,323	2,165,448	2,165,448	2,189,183	23,735	1.10%
<b>TOTAL DEBT SERVICE</b>		<b>2,133,323</b>	<b>2,165,448</b>	<b>2,165,448</b>	<b>2,189,183</b>	<b>23,735</b>	<b>1.10%</b>
011-170-08560-0105	Insurance - W/C	208,398	225,000	225,000	231,750	6,750	3.00%
011-170-08560-0561	Self Insurance	389,102	400,000	400,000	400,000	-	0.00%
011-170-08560-0563	Unemployment	43,311	15,000	15,000	15,000	-	0.00%
	Insurance Reserves	640,811	640,000	640,000	646,750	6,750	1.05%
011-170-08565-0219	Section 125 Plan	-	10,000	10,000	10,000	-	0.00%
011-170-08565-0220	Consultants/Studies	64,551	20,000	93,200	155,000	135,000	675.00%
011-170-07210-0549	Addition to Fund Balance Rese	-	1,500,000	1,500,000	1,000,000	(500,000)	-33.33%
011-170-08565-0568	Salary Vacancy Factor	-	(150,000)	(150,000)	(191,490)	(41,490)	27.66%
011-170-08565-0555	Salary Adjustment	787,500	605,650	1,065,180	501,862	(103,788)	-17.14%
New Acc't Number	Allowance for Pay Equity Study	-	-	-	10,000	10,000	100.00%
New Acc't Number	Hospital Insurance (PD reques	-	-	-	5,000	5,000	100.00%
011-170-08565-0565	Contingency Leave Sell Back	149,399	175,000	175,000	185,000	(10,000)	-5.71%
011-170-08565-0564	General Contingency	-	100,000	90,150	100,000	-	0.00%
		1,001,450	2,260,650	2,783,530	1,755,372	(505,278)	-22.35%
<b>TOTAL RESERVE ACCOUNTS</b>		<b>1,642,261</b>	<b>2,900,650</b>	<b>3,423,530</b>	<b>2,402,122</b>	<b>(498,528)</b>	<b>-17.19%</b>
011-830-02111-0599	Visiting Nurse	19,558	19,558	19,558	20,000	442	2.26%
011-830-02111-0800	NPT City Comm Men	20,587	20,587	20,587	21,000	413	2.01%
011-830-02111-0805	Young Parents Program	2,573	2,573	2,573	2,500	(73)	-2.84%
011-830-02111-0808	Child & Family Services	2,532	2,532	2,532	2,600	68	2.69%
011-830-02111-0809	Alternative Avenues	2,000	-	-	-	-	0.00%
011-830-02111-0861	Newport Partnership for Famili	-	4,515	4,515	4,000	(515)	-11.41%
011-830-04140-0539	Bd Tenant Affairs	1,470	3,059	3,059	3,000	(59)	-1.93%
011-830-04140-0540	New Visions	30,881	30,881	30,881	31,000	119	0.39%
011-830-04140-0543	Lucy's Hearth	2,059	2,059	2,059	3,000	941	45.70%
011-830-04140-0548	Seaman's Church	2,059	2,059	2,059	2,100	41	1.99%
011-830-04140-0587	Shake-A-Leg	2,573	2,573	2,573	-	(2,573)	-100.00%
011-830-04140-0593	The Samaritans	250	250	250	500	250	100.00%
011-830-04150-0534	Women's Resource	6,176	6,176	6,176	6,500	324	5.25%
011-830-04150-0578	Newport In Bloom	515	515	515	1,000	485	94.17%
011-830-04150-0579	Fort Adams Trust	1,544	1,544	1,544	1,500	(44)	-2.85%
011-830-05141-0537	Edward King Sr Center	32,571	32,528	32,528	35,000	2,472	7.60%
011-830-05141-0547	Park Holm Sr Center	3,345	3,345	3,345	3,400	55	1.64%
011-830-05141-0557	American Red Cross	1,029	1,029	1,029	-	(1,029)	-100.00%
011-830-05141-0572	Boys & Girls Club	15,440	15,440	15,440	15,500	60	0.39%
011-830-05141-0573	Boy Scouts Narr	515	515	515	500	(15)	-2.91%
011-830-05141-0577	Artillery Club	2,573	2,573	2,573	2,500	(73)	-2.84%
011-830-05141-0592	Lions Club	1,544	1,544	1,544	1,500	(44)	-2.85%
011-830-05161-0538	Little League	4,176	4,176	4,176	4,200	24	0.57%
011-830-05161-0575	Martin Luther King	14,926	14,926	14,926	15,000	74	0.50%
011-830-05161-0581	Pop Warner Football	2,059	2,059	2,059	2,100	41	1.99%
011-830-05161-0608	Vikings Hockey Club	5,000	5,000	5,000	-	(5,000)	-100.00%
011-830-05161-0610	Fifth Ward Little League	2,000	2,000	2,000	2,000	-	0.00%
011-830-05210-0541	RI Arts Foundation	1,029	1,029	1,029	1,000	(29)	-2.82%
011-830-05210-0560	Friends of Ballard Park	1,000	1,000	1,000	-	(1,000)	-100.00%
011-830-05210-0546	Cultural Arts Commission	515	515	515	500	(15)	-2.91%
011-830-04140-0XXX	Npt. Firefighters Pension Asso	-	-	-	1,100	1,100	100.00%
011-830-04150-0XXX	Tall Ships 2007	-	-	-	5,000	5,000	100.00%
011-830-04150-0XXX	National Police Parade	-	-	-	2,500	2,500	100.00%
011-830-04150-0XXX	First Night Newport	-	-	-	2,500	2,500	100.00%
	<b>Total Donations</b>	<b>182,499</b>	<b>186,560</b>	<b>186,560</b>	<b>193,000</b>	<b>6,440</b>	<b>3.45%</b>

**CITY OF NEWPORT, RHODE ISLAND  
2006-2007 ADOPTED BUDGET  
GENERAL FUND EXPENDITURES**

<u>ACCT NUMBER</u>	<u>ACCOUNT NAME</u>	<u>2005 ACTUAL EXPEND</u>	<u>2006 ADOPTED BUDGET</u>	<u>2006 PROJECTED RESULTS</u>	<u>2007 ADOPTED BUDGET</u>	<u>Dollar Change</u>	<u>Percent Change</u>
011-010-08110-0051	Council Salaries	14,000	16,000	16,000	16,000	-	0.00%
011-010-08110-0104	Employee Benefits	22,822	27,718	27,718	30,912	3,194	11.52%
011-010-08110-0210	Council Dues & Subscript	21,863	23,000	23,000	23,000	-	0.00%
011-010-08110-0220	Citizen Survey	-	-	9,850	16,000	16,000	0.00%
011-010-08110-0278	Council Expense	8,738	10,000	9,800	10,058	58	0.58%
011-010-08110-0284	Council Public Celebrations	21,249	20,962	20,962	20,962	-	0.00%
011-010-08110-0285	Council - Navy Affairs	694	650	650	1,000	350	53.85%
011-010-08110-0381	Council Office Supplies	329	900	1,100	2,000	1,100	122.22%
011-010-08110-XXXX	Sister City Program	-	30,000	30,000	30,000	-	0.00%
	<b>City Council</b>	<b>89,695</b>	<b>129,230</b>	<b>139,080</b>	<b>149,932</b>	<b>20,702</b>	<b>16.02%</b>
011-020-08200-0001	City Manager Salaries	217,390	225,110	225,110	287,646	62,536	27.78%
011-020-08200-0100	Employee Benefits	58,241	64,851	64,851	105,812	40,961	63.16%
011-020-08200-XXXX	Employee Bonuses	-	-	-	40,000	40,000	100.00%
011-020-08200-0205	Copying and Binding	97	250	250	250	-	0.00%
011-020-08200-0210	Dues & Subscriptions	1,896	1,600	1,600	1,600	-	0.00%
011-020-08200-0212	Conferences & Training	2,245	1,300	1,300	9,000	7,700	592.31%
011-020-08200-0225	Contract Services	1,488	150	150	1,000	850	566.67%
011-020-08200-0251	Telephone & Comm	1,109	1,100	1,100	1,100	-	0.00%
011-020-08200-0271	Gasoline & Vehicle Maint.	2,019	1,455	1,455	2,242	787	54.09%
011-020-08200-0282	Official Expense	593	307	307	1,000	693	225.73%
011-020-08200-0361	Office Supplies	1,975	1,250	1,250	1,700	450	36.00%
	<b>City Manager</b>	<b>285,053</b>	<b>297,373</b>	<b>297,373</b>	<b>451,350</b>	<b>153,977</b>	<b>51.78%</b>
011-020-08210-0001	Human Resources Salaries	121,069	131,412	131,412	132,017	605	0.46%
011-020-08210-0004	Temp & Seasonal	13,079	10,000	10,000	10,000	-	0.00%
011-020-08210-0100	Employee Benefits	34,301	40,592	40,592	54,580	13,988	34.48%
011-020-08210-0205	Copying & Binding	286	319	319	350	31	9.72%
011-020-08210-0210	Dues & Subscriptions	305	1,000	1,000	1,000	-	0.00%
011-020-08210-0212	Conferences & Training	3,000	2,000	4,500	2,500	500	25.00%
011-020-08210-0214	Tuition Reimbursement	7,390	7,000	7,000	7,000	-	0.00%
011-020-08210-0215	Recruitment	25,835	13,000	20,000	20,000	7,000	53.85%
011-020-08210-0225	Contract Services	3,573	4,000	4,500	5,000	1,000	25.00%
011-020-08210-0247	Labor Relations	11,708	10,000	10,000	60,000	50,000	500.00%
011-020-08210-0311	Operating Supplies	-	8,000	7,500	9,000	1,000	12.50%
011-020-08210-0361	Office Supplies	2,809	3,000	3,000	3,500	500	16.67%
	<b>Human Resources</b>	<b>223,153</b>	<b>230,323</b>	<b>239,823</b>	<b>304,957</b>	<b>74,634</b>	<b>32.40%</b>
011-020-XXXXX-0002	Overtime	-	-	-	31,900	31,900	100.00%
011-020-XXXXX-0260	Rental - Equip & Facilities	-	-	-	1,100	1,100	100.00%
011-020-XXXXX-0271	Gasoline & Vehicle Maint.	-	-	-	-	-	100.00%
011-020-XXXXX-0311	Operating Supplies	-	-	-	95	95	100.00%
	<b>Special Events</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,095</b>	<b>33,095</b>	<b>100.00%</b>
<b>TOTAL CITY MANAGER</b>		<b>508,206</b>	<b>527,696</b>	<b>537,196</b>	<b>789,402</b>	<b>261,706</b>	<b>49.59%</b>
011-030-08310-0001	City Solicitor Salaries	198,509	177,043	177,043	178,461	1,418	0.80%
011-030-08310-0004	Temp & Seasonal	37,568	61,939	61,939	66,319	4,380	7.07%
011-030-08310-0100	Employee Benefits	78,268	90,001	90,001	108,140	18,139	20.15%
011-030-08310-0210	Dues & Subscriptions	13,170	10,822	16,000	13,500	2,678	27.09%
011-030-08310-0212	Conferences & Training	4,189	2,000	4,000	7,500	5,500	275.00%
011-030-08310-0225	Contract Services	5,979	9,000	9,000	9,000	-	0.00%
011-030-08310-0251	Telephone & Comm	2,565	7,000	7,000	5,000	(2,000)	-28.57%
011-030-08310-0268	Mileage Reimbursement	74	100	100	100	-	0.00%
011-030-08310-0361	Office Supplies	1,516	2,000	2,000	2,424	424	21.20%
	<b>City Solicitor</b>	<b>341,836</b>	<b>359,705</b>	<b>367,083</b>	<b>390,444</b>	<b>30,739</b>	<b>8.55%</b>
011-050-08120-0001	Canvassing Salaries	80,451	82,835	82,835	81,636	(1,199)	-1.45%
011-050-08120-0002	Overtime	838	600	600	600	-	0.00%
011-050-08120-0004	Seasonal & Temp	14,349	15,000	15,000	15,450	450	3.00%
011-050-08120-0051	Monthly Salaries	2,360	2,228	2,228	2,228	-	0.00%
011-050-08120-0100	Employee Benefits	29,133	33,275	33,275	36,886	3,611	10.85%
011-050-08120-0104	Monthly Benefits	181	177	181	181	4	2.28%
011-050-08120-0205	Copying & Binding	523	500	500	500	-	0.00%
011-050-08120-0207	Legal Advertising	2,284	500	500	2,325	1,825	365.00%
011-050-08120-0210	Dues & Subscriptions	50	255	255	255	-	0.00%
011-050-08120-0212	Conferences & Training	25	500	500	500	-	0.00%
011-050-08120-0225	Contract Services	41,263	14,500	14,500	52,500	38,000	262.07%
011-050-08120-0260	Equipment Rental	3,235	1,500	1,500	3,500	2,000	133.33%
011-050-08120-0268	Mileage Reimbursement	325	300	300	350	50	16.67%
011-050-08120-0361	Office Supplies	1,404	5,000	5,000	5,000	-	0.00%
	<b>Canvassing</b>	<b>176,421</b>	<b>157,170</b>	<b>157,174</b>	<b>201,911</b>	<b>44,741</b>	<b>28.47%</b>

**CITY OF NEWPORT, RHODE ISLAND  
2006-2007 ADOPTED BUDGET  
GENERAL FUND EXPENDITURES**

<b>ACCT NUMBER</b>	<b>ACCOUNT NAME</b>	<b>2005 ACTUAL EXPEND</b>	<b>2006 ADOPTED BUDGET</b>	<b>2006 PROJECTED RESULTS</b>	<b>2007 ADOPTED BUDGET</b>	<b>Dollar Change</b>	<b>Percent Change</b>
011-060-08325-0001	City Clerk Salaries	163,620	180,412	180,412	171,291	(9,121)	-5.06%
011-060-08325-0002	Overtime	190	500	500	300	(200)	-40.00%
011-060-08325-0004	Temp & Seasonal	18,104	-	-	-	-	0.00%
011-060-08325-0100	Employee Benefits	40,983	49,096	49,096	74,989	25,893	52.74%
011-060-08325-0207	Legal Advertising	6,510	8,000	8,000	8,000	-	0.00%
011-060-08325-0210	Dues & Subscriptions	175	300	200	300	-	0.00%
011-060-08325-0212	Conferences & Training	55	200	200	350	150	75.00%
011-060-08325-0225	Contract Services	14,533	8,426	8,426	12,199	3,773	44.78%
011-060-08325-0311	Operating Supplies	404	700	700	1,136	436	62.29%
011-060-08325-0361	Office Supplies	6,097	6,837	6,837	4,928	(1,909)	-27.92%
	<b>City Clerk</b>	<b>250,671</b>	<b>264,471</b>	<b>254,371</b>	<b>273,493</b>	<b>19,022</b>	<b>7.48%</b>
011-060-08326-0001	Probate Salaries	44,950	46,892	46,892	49,887	2,995	6.39%
011-060-08326-0100	Employee Benefits	18,247	21,694	21,694	24,708	3,014	13.89%
011-060-08326-0210	Dues & Subscriptions	50	190	131	190	-	0.00%
011-060-08326-0212	Conferences & Training	-	100	80	250	150	150.00%
011-060-08326-0361	Office Supplies	2,787	2,987	2,987	2,987	-	0.00%
	<b>Probate</b>	<b>66,034</b>	<b>71,883</b>	<b>71,784</b>	<b>78,022</b>	<b>6,159</b>	<b>8.57%</b>
011-060-08327-0001	Land Evidence Salaries	30,173	32,434	32,434	36,689	4,235	13.06%
011-060-08327-0002	Overtime	-	300	300	300	-	0.00%
011-060-08327-0100	Employee Benefits	16,678	19,216	19,216	7,284	(11,932)	-62.09%
011-060-08327-0225	Contract Services	215,899	136,882	223,229	133,682	(3,000)	-2.19%
011-060-08327-0311	Operating Supplies	2,298	2,000	2,200	2,000	-	0.00%
011-060-08327-0361	Office Supplies	3,346	7,208	7,008	7,208	-	0.00%
	<b>Land Evidence</b>	<b>268,394</b>	<b>197,840</b>	<b>284,387</b>	<b>187,143</b>	<b>(10,697)</b>	<b>-5.41%</b>
<b>Total City Clerk</b>		<b>585,099</b>	<b>524,174</b>	<b>610,542</b>	<b>538,658</b>	<b>14,484</b>	<b>2.76%</b>
011-100-08315-0001	Municipal Court Salaries	40,968	38,529	38,529	39,685	1,156	3.00%
011-100-08315-0002	Overtime	4,251	2,100	2,100	3,000	900	42.86%
011-100-08315-0100	Employee Benefits	10,597	12,020	12,020	13,625	1,605	13.35%
011-100-08315-0205	Copying & Binding	-	500	500	850	350	70.00%
011-100-08315-0225	Contract Services	2,514	2,500	2,500	6,000	3,500	140.00%
011-100-08315-0262	RITT Court Fees	14,297	13,000	13,000	13,000	-	0.00%
011-100-08315-0361	Office Supplies	710	776	776	800	24	3.09%
	<b>Municipal Court</b>	<b>73,337</b>	<b>69,425</b>	<b>69,425</b>	<b>76,960</b>	<b>7,535</b>	<b>10.85%</b>
011-100-08320-0001	Finance Admin Salaries	220,103	226,689	226,689	231,043	4,354	1.92%
011-100-08320-0100	Employee Benefits	53,008	70,493	70,493	79,824	9,331	13.24%
011-100-08320-0205	Copying & Binding	5,123	6,000	6,000	6,000	-	0.00%
011-100-08320-0210	Dues & Subscriptions	1,988	3,000	3,000	4,710	1,710	57.00%
011-100-08320-0212	Conferences & Training	8,512	1,000	5,000	9,280	8,280	828.00%
011-100-08320-0225	Banking & Financial Services	26,426	20,000	39,900	12,000	(8,000)	-40.00%
011-100-08320-0361	Office Supplies	2,327	2,150	2,150	4,500	2,350	109.30%
	<b>Finance Admin</b>	<b>317,467</b>	<b>329,332</b>	<b>353,232</b>	<b>347,357</b>	<b>18,025</b>	<b>5.47%</b>
011-100-08328-0001	MIS Salaries	272,599	242,020	192,000	184,347	(57,673)	-23.83%
011-100-08328-0100	Employee Benefits	47,817	62,298	46,000	59,587	(2,711)	-4.35%
011-100-08328-0212	Technical Training	3,415	3,000	5,000	10,000	7,000	233.33%
011-100-08328-0220	ADMINS Payroll Program	50,801	40,000	25,000	45,000	5,000	12.50%
011-100-08328-0220	Server, Email, Firewall etc. Prc	-	25,000	61,450	50,000	25,000	100.00%
011-100-08328-0226	Annual Software Maint Fees	48,362	106,780	106,780	97,300	(9,480)	-8.88%
011-100-08328-0227	Annual Hardware Maint Fees	15,252	20,000	20,000	24,500	4,500	22.50%
011-100-08328-0228	Software License Fees	75,132	26,300	37,878	37,000	10,700	40.68%
011-100-08328-0238	Postage	38,768	40,000	40,000	45,000	5,000	12.50%
011-100-08328-0251	Telephone & Comm	257,945	279,200	279,200	250,000	(29,200)	-10.46%
011-100-08328-0268	Mileage Reimb	123	500	500	150	(350)	-70.00%
011-100-08328-0311	Operating Supplies	7,276	8,500	8,500	8,000	(500)	-5.88%
011-100-08328-0361	Copier Supplies	14,267	19,000	19,000	26,500	7,500	39.47%
011-100-08328-0420	MIS Equipment	33,886	73,500	98,500	35,600	(37,900)	-51.56%
011-100-08328-0424	Office Machinery	175,992	-	-	-	-	0.00%
011-100-08328-0463	Lease Purchase Principal	20,930	27,428	27,428	31,428	4,000	14.58%
	<b>MIS</b>	<b>1,062,365</b>	<b>973,526</b>	<b>967,234</b>	<b>904,412</b>	<b>(69,114)</b>	<b>-7.10%</b>
011-100-08371-0001	Assessment Salaries	163,834	171,168	150,000	177,541	6,373	3.72%
011-100-08371-0002	Overtime	995	-	-	-	-	0.00%
011-100-08371-0004	Temp and Seasonal	-	-	15,000	-	-	0.00%
011-100-08371-0100	Employee Benefits	84,552	77,267	68,000	94,339	17,072	22.09%
011-100-08371-0205	Copying & Binding	615	650	650	650	-	0.00%
011-100-08371-0207	Legal Advertising	1,498	1,600	1,600	1,600	-	0.00%
011-100-08371-0210	Dues & Subscriptions	1,000	-	1,000	1,575	1,575	100.00%
011-100-08371-0212	Conferences & Training	1,412	-	3,000	3,224	3,224	100.00%
011-100-08371-0220	Consultant Fees	9,400	-	8,950	9,870	9,870	100.00%
011-100-08371-0229	Assessment Revaluation	200,000	-	181,251	-	-	0.00%
011-100-08371-0225	Contract Services	91,690	-	68,858	-	-	0.00%
011-100-08371-0238	Postage	-	625	-	-	(625)	-100.00%
011-100-08371-0268	Mileage Reimb	310	-	400	420	420	0.00%
011-100-08371-0311	Hard Copy of Tax Rolls	345	9,344	9,344	9,724	380	4.07%
011-100-08371-0361	Office Supplies	4,695	4,800	4,800	5,040	240	5.00%
	<b>Assessment</b>	<b>540,346</b>	<b>265,454</b>	<b>512,853</b>	<b>303,983</b>	<b>38,529</b>	<b>14.51%</b>

**CITY OF NEWPORT, RHODE ISLAND  
2006-2007 ADOPTED BUDGET  
GENERAL FUND EXPENDITURES**

<u>ACCT NUMBER</u>	<u>ACCOUNT NAME</u>	<u>2005 ACTUAL EXPEND</u>	<u>2006 ADOPTED BUDGET</u>	<u>2006 PROJECTED RESULTS</u>	<u>2007 ADOPTED BUDGET</u>	<u>Dollar Change</u>	<u>Percent Change</u>
011-100-08372-0001	Collections Salaries	182,859	181,184	161,184	173,473	12,289	7.62%
011-100-08372-0002	Overtime	2,678	2,000	2,000	1,500	(500)	-25.00%
011-100-08372-0004	Temp and Seasonal	-	-	1,000	1,000	1,000	100.00%
011-100-08372-0100	Employee Benefits	57,295	72,801	72,801	69,382	(3,439)	-4.72%
011-100-08372-0205	Copying & Binding	27,736	18,288	24,671	25,000	6,704	36.64%
011-100-08372-0207	Legal Advertising	482	500	500	600	100	20.00%
011-100-08372-0212	Conferences & Training	100	-	-	-	-	0.00%
011-100-08372-0268	Mileage Reimb	143	150	150	170	20	13.33%
011-100-08372-0361	Office Supplies	2,128	2,150	1,150	2,900	750	34.88%
	<b>Collections</b>	<b>273,421</b>	<b>257,081</b>	<b>263,456</b>	<b>274,005</b>	<b>16,924</b>	<b>6.58%</b>
011-100-08373-0001	Accounting Salaries	212,183	240,057	240,057	245,729	5,672	2.36%
011-100-08373-0002	Overtime	1,591	-	1,000	5,000	5,000	100.00%
011-100-08373-0004	Temp/Seasonal	4,529	-	-	5,000	5,000	100.00%
011-100-08373-0100	Employee Benefits	55,169	82,551	82,551	93,399	10,848	13.14%
011-100-08373-0205	Copying & Binding	1,832	2,500	2,500	2,500	-	0.00%
011-100-08373-0210	Dues & Subscriptions	575	520	520	585	65	12.50%
011-100-08373-0212	Conferences & Training	3,450	3,000	2,000	3,000	-	0.00%
011-100-08373-0361	Check Stock & Envelopes	3,533	3,800	3,460	3,800	-	0.00%
	<b>Accounting</b>	<b>282,862</b>	<b>332,428</b>	<b>332,088</b>	<b>359,013</b>	<b>26,585</b>	<b>8.00%</b>
<b>TOTAL FINANCE DEPT</b>		<b>2,549,798</b>	<b>2,227,246</b>	<b>2,498,288</b>	<b>2,265,730</b>	<b>38,484</b>	<b>1.73%</b>
011-070-08375-0001	Administrative Dept Salaries	145,530	147,081	137,881	154,227	7,146	4.86%
011-070-08375-0002	Overtime	580	1,000	2,500	750	(250)	-25.00%
011-070-08375-0004	Temp/Seasonal Wages	-	-	-	26,000	26,000	100.00%
011-070-08375-0100	Employee Benefits	41,776	48,866	45,000	55,793	6,927	14.18%
011-070-08375-0205	Copying & Binding	300	850	850	1,600	750	88.24%
011-070-08375-0207	Legal Advertising	19,078	15,000	15,000	13,500	(1,500)	-10.00%
011-070-08375-0210	Dues & Subscriptions	644	750	750	750	-	0.00%
011-070-08375-0212	Conferences & Training	1,813	500	2,500	1,100	600	120.00%
011-070-08375-0311	Operating Supplies	2,429	2,000	2,000	1,750	(250)	-12.50%
011-070-08375-0361	Office Supplies	4,118	3,500	3,500	2,950	(550)	-15.71%
	<b>Administrative Services</b>	<b>216,268</b>	<b>219,547</b>	<b>209,981</b>	<b>258,420</b>	<b>38,873</b>	<b>17.71%</b>
011-070-08377-0001	Prop Maint Salaries	243,541	246,975	240,975	255,736	8,761	3.55%
011-070-08377-0002	Overtime	15,720	15,000	15,000	14,000	(1,000)	-6.67%
011-070-08377-0003	Holiday Pay	1,016	750	750	1,100	350	46.67%
011-070-08377-0004	Temp/Seasonal Wages	6,031	1,500	9,200	9,650	8,150	543.33%
011-070-08377-0056	Injury Pay	(888)	-	93	-	-	100.00%
011-070-08377-0100	Employee Benefits	100,466	130,776	130,776	144,367	13,591	10.39%
011-070-08377-0210	Dues & Subscriptions	700	200	200	200	-	0.00%
011-070-08377-0212	Conf. & Training	662	400	400	400	-	0.00%
011-070-08377-0225	Contract Services	1,226	300	3,300	2,600	2,300	766.67%
011-070-08377-0239	Liability Insurance	82,029	120,181	120,181	112,000	(8,181)	-6.81%
011-070-08377-0251	Telephone & Comm	3,533	4,000	4,000	2,500	(1,500)	-37.50%
011-070-08377-0252	Water Charge	4,047	3,000	3,000	4,881	1,881	62.70%
011-070-08377-0254	Electricity	24,178	22,000	22,000	28,000	6,000	27.27%
011-070-08377-0255	Natural Gas	672	600	600	500	(100)	-16.67%
011-070-08377-0257	Refuse Disposal	1,212	1,750	1,750	2,000	250	14.29%
011-070-08377-0260	Rental - Equip. & Facilities	191	250	250	250	-	0.00%
011-070-08377-0268	Mileage Reimbursement	1,832	500	500	500	-	0.00%
011-070-08377-0271	Gasoline & Vehicle Maint	2,463	3,638	3,638	4,074	436	11.98%
011-070-08377-0275	Repair & Maint., Fac/Equip	19,235	14,000	18,500	25,500	11,500	82.14%
011-070-08377-0304	Heating Oil	9,710	6,000	6,000	8,400	2,400	40.00%
011-070-08377-0311	Operating Supplies	13,613	8,000	8,000	8,600	600	7.50%
011-070-08377-0320	Uniforms and Protective Gear	1,351	850	850	500	(350)	-41.18%
011-070-08377-0345	Building Materials	10,083	10,000	10,000	12,000	2,000	20.00%
011-070-08377-0361	Office Supplies	6,375	4,500	4,500	2,990	(1,510)	-33.56%
011-070-08377-0851	Transfer to Equip Replacement	-	3,990	3,990	13,360	9,370	234.84%
	<b>Prop. Manage/Maintain</b>	<b>549,018</b>	<b>599,160</b>	<b>608,453</b>	<b>654,108</b>	<b>54,948</b>	<b>9.17%</b>
<b>TOTAL ADMINISTRATIVE SERVICES</b>		<b>765,286</b>	<b>818,707</b>	<b>818,434</b>	<b>912,528</b>	<b>93,821</b>	<b>11.46%</b>
<b>Police Administration &amp; Support Services</b>							
011-200-01100-0001	Police Admin Salaries	1,240,303	1,329,421	1,329,421	1,379,906	50,485	3.80%
011-200-01100-0002	Overtime	84,476	80,000	80,000	80,000	-	0.00%
011-200-01100-0003	Holiday Pay	42,060	48,631	48,631	50,576	1,945	4.00%
011-200-01100-0004	Temp & Seasonal	4,535	28,260	28,260	23,260	(5,000)	-17.69%
011-200-01100-0007	Fitness Incentive Pay	1,995	2,500	2,500	2,500	-	0.00%
011-200-01100-0008	Education Incentive	26,569	26,500	26,500	26,500	-	0.00%
011-200-01100-0100	Employee Benefits	320,251	449,704	449,704	478,332	28,628	6.37%
011-200-01100-0205	Copying & Binding	1,101	2,500	2,549	2,549	49	1.96%



**CITY OF NEWPORT, RHODE ISLAND  
2006-2007 ADOPTED BUDGET  
GENERAL FUND EXPENDITURES**

<u>ACCT NUMBER</u>	<u>ACCOUNT NAME</u>	<u>2005 ACTUAL EXPEND</u>	<u>2006 ADOPTED BUDGET</u>	<u>2006 PROJECTED RESULTS</u>	<u>2007 ADOPTED BUDGET</u>	<u>Dollar Change</u>	<u>Percent Change</u>
011-200-01100-0210	Dues & Subscriptions	2,120	2,000	3,100	3,100	1,100	55.00%
011-200-01100-0212	Conferences & Training	20,344	20,500	20,500	20,500	-	0.00%
011-200-01100-0214	Tuition Reimbursement	13,347	29,588	29,588	24,568	(5,000)	-16.91%
011-200-01100-0225	Contract Services	60,548	135,000	135,000	75,000	(60,000)	-44.44%
011-200-01100-0235	Laundry Services	1,509	1,500	1,500	1,500	-	0.00%
011-200-01100-0239	Liability Insurance	97,180	143,815	143,815	143,815	-	0.00%
011-200-01100-0251	Telephone & Comm	7,056	11,500	11,500	11,500	-	0.00%
011-200-01100-0252	Water Charges	2,434	2,315	2,315	3,000	685	28.59%
011-200-01100-0254	Electricity	48,864	47,150	47,150	47,150	-	0.00%
011-200-01100-0255	Natural Gas	22,791	15,000	15,000	15,000	-	0.00%
011-200-01100-0256	Refuse Disposal	2,207	3,300	3,300	3,300	-	0.00%
011-200-01100-0268	Mileage Reimbursement	3,000	3,300	3,300	3,300	-	0.00%
011-200-01100-0271	Gasoline & Vehicle Maint	15,832	21,011	21,011	17,940	(3,071)	-14.62%
011-200-01100-0275	Repair & Maint of Equip	55,762	84,471	84,471	69,471	(15,000)	-17.76%
011-200-01100-0304	Heating Fuel	34	1,500	1,500	1,500	-	0.00%
011-200-01100-0311	Operating Supplies	42,118	42,734	42,077	42,077	(657)	-1.54%
011-200-01100-0320	Uniforms & Protective Gear	11,954	15,000	15,000	17,500	2,500	16.67%
011-200-01100-0361	Office Supplies	15,024	22,000	22,000	22,000	-	0.00%
011-200-01100-0800	LEBG Grant Expense - 2003	36,803	35,000	35,000	35,000	-	0.00%
011-200-01100-0817	COPS CARE Grant Expense	-	1,000	1,000	1,000	-	0.00%
011-200-01100-0818	RI Justice Network Enhance.	-	27,000	27,000	27,000	-	0.00%
011-200-01100-0424	Motor Cycle Leases	-	4,000	4,000	4,000	-	0.00%
011-200-01100-0435	Other Improvements	14,165	30,300	30,300	30,300	-	0.00%
	<b>Police Admin</b>	<b>2,194,362</b>	<b>2,666,480</b>	<b>2,666,972</b>	<b>2,663,144</b>	<b>(3,336)</b>	<b>-0.13%</b>
<b>Uniform Patrol Division</b>							
011-200-01111-0001	Uniform Station Salaries	3,334,843	2,514,283	2,514,283	2,746,708	232,425	9.24%
011-200-01111-0002	Overtime	457,489	454,876	484,876	379,876	(75,000)	-16.49%
011-200-01111-0003	Holiday Pay	127,607	150,000	150,000	156,000	6,000	4.00%
011-200-01111-0010	Special Detail Pay	510,716	500,000	500,000	755,343	255,343	51.07%
011-200-01111-0056	Injury Pay	55,388	-	-	-	-	0.00%
011-200-01111-0100	Employee Benefits	372,608	668,886	668,886	728,602	59,716	8.93%
011-200-01111-0104	Retiree Benefits	756,401	775,195	775,195	675,195	(100,000)	-12.90%
011-200-01111-0210	Dues & Subscriptions	100	100	100	100	-	0.00%
011-200-01111-0225	Contract Services	83,398	73,207	63,207	63,207	(10,000)	-13.66%
011-200-01111-0252	Water	-	160	160	160	-	0.00%
011-200-01111-0254	Electricity	742	800	800	800	-	0.00%
011-200-01111-0271	Gasoline & Vehicle Maint.	211,683	292,306	326,306	299,412	7,106	2.43%
011-200-01111-0275	Repair & Maint of Equip	1,099	1,500	1,500	1,500	-	0.00%
011-200-01111-0304	Heating Fuel	405	700	700	700	-	0.00%
011-200-01111-0311	Operating Supplies	14,878	16,044	19,813	19,813	3,769	23.49%
011-200-01111-0320	Uniforms & Protective Gear	68,328	85,500	85,500	102,600	17,100	20.00%
011-200-01111-0361	Office Supplies	-	3,000	3,000	3,000	-	0.00%
011-200-01111-0827	Tobacco/Underage Drink Gr	4,930	-	610	-	-	0.00%
011-200-01111-0854	Community Policing Grant	-	2,500	2,500	2,500	-	0.00%
011-200-01111-0917	Highway Safety Grant Expend	-	7,500	7,500	7,500	-	0.00%
011-200-01111-0911	Festival Field Grant	9,493	2,500	3,481	2,500	-	0.00%
011-200-01111-0916	Seatbelt Grant	2,219	1,200	1,200	1,200	-	0.00%
011-200-01111-0851	Transfer to Equip Replacemen	179,127	181,543	181,543	177,058	(4,485)	-2.47%
011-200-01111-0424	Equipment >10,000	-	20,826	20,826	20,826	-	0.00%
	<b>Uniform Patrol</b>	<b>6,191,454</b>	<b>5,752,626</b>	<b>5,811,986</b>	<b>6,144,600</b>	<b>391,974</b>	<b>6.81%</b>
<b>Criminal Investigative Services</b>							
011-200-01130-0001	Police General Assign	935,224	949,415	949,415	1,025,926	76,511	8.08%
011-200-01130-0002	Overtime	89,996	79,758	79,758	114,679	34,921	43.78%
011-200-01130-0003	Holiday Pay	42,325	46,197	46,197	48,356	2,159	4.67%
011-200-01130-0100	Employee Benefits	129,599	200,668	200,668	250,076	49,408	24.62%
011-200-01130-0210	Dues & Subscriptions	100	100	100	100	-	0.00%
011-200-01130-0212	Conferences & Training	334	-	-	-	-	0.00%
011-200-01130-0271	Gasoline & Vehicle Maint.	21,739	50,755	50,755	51,539	784	1.54%
011-200-01130-0311	Operating Supplies	53,165	35,000	61,256	41,256	6,256	17.87%
011-200-01130-0320	Uniforms & Protective Gear	19,563	19,000	19,000	22,800	3,800	20.00%
011-200-01130-0361	Office Supplies	1,531	2,000	2,000	2,000	-	0.00%
	<b>Criminal Invest Services</b>	<b>1,293,576</b>	<b>1,382,893</b>	<b>1,409,149</b>	<b>1,556,732</b>	<b>173,839</b>	<b>12.57%</b>
<b>SUBTOTAL POLICE - OPERATING</b>		<b>9,679,392</b>	<b>9,801,999</b>	<b>9,888,107</b>	<b>10,364,476</b>	<b>562,477</b>	<b>5.74%</b>
011-200-01111-0150	Contribution to Pension	3,389,486	2,440,649	2,440,649	2,440,649	-	0.00%
<b>TOTAL POLICE</b>		<b>13,068,878</b>	<b>12,242,848</b>	<b>12,328,756</b>	<b>12,805,125</b>	<b>562,477</b>	<b>4.59%</b>
<b>Fire Administration &amp; Maintenance</b>							
011-300-01300-0001	Fire Admin Salaries	224,770	234,066	234,066	236,145	2,079	0.89%
011-300-01300-0002	Overtime	182	-	2,000	-	-	0.00%
011-300-01300-0003	Holiday Pay	10,334	10,674	10,674	11,133	459	4.30%

**CITY OF NEWPORT, RHODE ISLAND  
2006-2007 ADOPTED BUDGET  
GENERAL FUND EXPENDITURES**

<u>ACCT NUMBER</u>	<u>ACCOUNT NAME</u>	<u>2005 ACTUAL EXPEND</u>	<u>2006 ADOPTED BUDGET</u>	<u>2006 PROJECTED RESULTS</u>	<u>2007 ADOPTED BUDGET</u>	<u>Dollar Change</u>	<u>Percent Change</u>
011-300-01300-0056	Injury Pay	35,521	-	-	-	-	0.00%
011-300-01300-0100	Employee Benefits	50,018	43,243	43,243	48,814	5,571	12.88%
011-300-01300-0205	Copying & Binding	105	500	500	500	-	0.00%
011-300-01300-0210	Dues & Subscriptions	-	-	-	500	500	0.00%
011-300-01300-0238	Postage	652	750	750	750	-	0.00%
011-300-01300-0239	Liability Insurance	1,603	2,239	2,239	2,239	-	0.00%
011-300-01300-0251	Phone & Comm	2,990	3,500	3,500	3,600	100	2.86%
011-300-01300-0252	Water	3,395	4,800	4,800	4,800	-	0.00%
011-300-01300-0254	Electricity	18,362	18,000	16,000	18,500	500	2.78%
011-300-01300-0255	Natural Gas	9,752	5,450	5,450	5,550	100	1.83%
011-300-01300-0260	Equipment Rental	325,360	350,360	350,360	392,085	41,725	11.91%
011-300-01300-0271	Gasoline & Vehicle Maint.	136,173	199,666	217,866	175,930	(23,136)	-11.62%
011-300-01300-0272	Public Service Contribution	-	4,100	4,100	-	(4,100)	-100.00%
011-300-01300-0275	Repair & Maint Equip	15,311	16,500	16,500	17,000	500	3.03%
011-300-01300-0304	Heating Oil	6,726	5,000	5,000	5,100	100	2.00%
011-300-01300-0311	Operating Supplies	3,727	5,000	5,000	5,100	100	2.00%
011-300-01300-0320	Uniforms & Protective Gear	3,750	3,750	3,750	3,750	-	0.00%
011-300-01300-0361	Office Supplies	12,651	13,400	13,400	15,600	2,200	16.42%
011-300-01300-0600	Transfer to Equip Replacemen	304,631	307,313	307,313	314,727	7,414	2.41%
	<b>Fire Admin</b>	<b>1,166,013</b>	<b>1,227,711</b>	<b>1,246,511</b>	<b>1,261,823</b>	<b>34,112</b>	<b>2.78%</b>
<b>Inspections &amp; Alarm Services</b>							
011-300-01301-0001	Salaries	201,027	278,193	278,193	259,716	(18,477)	-6.64%
011-300-01301-0002	Overtime	3,950	-	-	-	-	100.00%
011-300-01301-0003	Holiday Pay	9,850	12,811	12,811	12,981	150	1.17%
011-300-01301-0100	Employee Benefits	39,333	57,658	57,658	55,666	(1,992)	-3.45%
011-300-01301-0205	Copying & Binding	-	400	400	400	-	0.00%
011-300-01301-0210	Dues & Subscriptions	865	400	400	400	-	0.00%
011-300-01301-0275	R & M Equipment	3,909	7,000	7,000	7,200	200	2.86%
011-300-01301-0311	Operating Supplies	3,213	3,250	3,250	3,300	50	1.54%
011-300-01301-0320	Uniforms & Protective Gear	3,750	5,250	5,250	5,250	-	0.00%
011-300-01301-0350	Equipment Parts	-	1,000	1,000	1,000	-	0.00%
	<b>Inspections &amp; Alarms</b>	<b>266,897</b>	<b>365,982</b>	<b>365,962</b>	<b>345,893</b>	<b>(20,069)</b>	<b>-5.48%</b>
<b>Firefighting, Rescue &amp; Education</b>							
011-300-01320-0001	Salaries	4,729,639	4,608,738	4,608,738	4,628,004	19,266	0.42%
011-300-01320-0002	Overtime	776,451	575,000	775,000	687,668	112,668	19.59%
011-300-01320-0003	Holiday Pay	221,109	222,820	222,820	233,211	10,391	4.66%
011-300-01320-0008	State Education Incentive	15,237	15,237	15,237	15,237	-	0.00%
011-300-01320-0010	Special Detail Pay	235,694	215,000	215,000	279,657	64,657	30.07%
011-300-01320-0014	EMT Incentive Pay	106,705	106,705	109,300	109,300	2,595	2.43%
011-300-01320-0056	Injury Pay	6,531	-	-	-	-	0.00%
011-300-01320-0100	Employee Benefits	996,427	1,108,774	1,108,774	1,298,085	189,311	17.07%
011-300-01320-0104	Retiree Benefits	733,143	727,490	727,490	642,490	(85,000)	-11.68%
011-300-01320-0212	Conferences & Training	6,830	7,000	7,000	9,300	2,300	32.86%
011-300-01320-0214	Tuition Reimb	18,505	20,000	20,000	20,000	-	0.00%
011-300-01320-0220	Consultant Fees	4,165	4,170	4,170	4,200	30	0.72%
011-300-01320-0225	Contract Services	-	60,000	60,000	-	(60,000)	-100.00%
011-300-01320-0239	Liability Insurance	100,287	148,874	145,000	148,874	-	0.00%
011-300-01320-0260	Equip Rental	-	2,000	2,000	2,000	-	0.00%
011-300-01320-0275	Repairs & Maint Equip	8,910	10,000	10,000	10,000	-	0.00%
011-300-01320-0311	Operating Supplies	8,713	13,000	13,000	13,250	250	1.92%
011-300-01320-0313	Medical Supplies	10,325	10,500	10,500	10,800	300	2.86%
011-300-01320-0320	Uniform Allowance	110,312	115,000	115,000	115,000	-	0.00%
011-300-01320-0321	Protective Gear	23,950	25,000	25,000	25,000	-	0.00%
	<b>Firefighting &amp; Rescue</b>	<b>8,112,933</b>	<b>7,995,108</b>	<b>8,184,029</b>	<b>8,251,876</b>	<b>256,768</b>	<b>3.21%</b>
	<b>SUBTOTAL FIRE - OPERATING</b>	<b>9,544,843</b>	<b>9,588,781</b>	<b>9,806,502</b>	<b>9,859,592</b>	<b>270,811</b>	<b>2.82%</b>
011-300-01320-0150	Contribution to Pension	4,118,543	3,543,234	3,543,234	3,543,234	-	0.00%
	<b>TOTAL FIRE</b>	<b>13,663,386</b>	<b>13,132,015</b>	<b>13,349,736</b>	<b>13,402,826</b>	<b>270,811</b>	<b>2.05%</b>
011-400-01400-0001	Public Works Salaries	144,761	155,691	155,691	153,602	(2,089)	-1.34%
011-400-01400-0002	Overtime	37,865	-	-	-	-	0.00%
011-400-01400-0100	Employee Benefits	-	54,158	54,158	44,188	(9,970)	-18.41%
011-400-01400-0210	Dues & Subscriptions	716	500	500	500	-	0.00%
011-400-01400-0212	Conf. & Training	500	100	500	500	400	400.00%
011-400-01400-0225	Contract Services	950	-	-	1,000	1,000	100.00%
011-400-01400-0251	Phone & Comm	450	450	450	480	30	6.67%
011-400-01400-0268	Mileage Reimbursement	22	250	250	150	(100)	-40.00%
011-400-01400-0271	Gasoline & Vehicle Maint.	1,119	15,063	39,263	46,012	30,949	205.46%
011-400-01400-0361	Office Supplies	481	300	300	300	-	0.00%
	<b>PW Administration</b>	<b>186,864</b>	<b>226,512</b>	<b>251,112</b>	<b>246,732</b>	<b>20,220</b>	<b>8.93%</b>

**CITY OF NEWPORT, RHODE ISLAND  
2006-2007 ADOPTED BUDGET  
GENERAL FUND EXPENDITURES**

<u>ACCT NUMBER</u>	<u>ACCOUNT NAME</u>	<u>2005 ACTUAL EXPEND</u>	<u>2006 ADOPTED BUDGET</u>	<u>2006 PROJECTED RESULTS</u>	<u>2007 ADOPTED BUDGET</u>	<u>Dollar Change</u>	<u>Percent Change</u>
011-400-01450-0001	Engineering Salaries	137,585	136,459	136,459	136,365	1,906	1.40%
011-400-01450-0002	Overtime	4,962	2,500	2,500	2,500	-	0.00%
011-400-01450-0100	Employee Benefits	24,899	29,588	29,588	32,887	3,319	11.22%
011-400-01450-0212	Conferences & Training	-	100	300	100	-	0.00%
011-400-01450-0225	Road /Trench Repair	139,692	50,000	125,519	100,000	50,000	100.00%
011-400-01450-0251	Phone & Comm	838	880	953	960	80	9.09%
011-400-01450-0268	Mileage Reimbursement	1,904	1,800	1,500	1,850	50	2.78%
011-400-01450-0311	Operating Supplies	239	500	500	520	20	4.00%
011-400-01450-0361	Copier Lease	-	4,000	4,000	4,000	-	0.00%
011-400-01450-0361	Office Supplies	5,731	250	250	274	24	9.60%
011-400-01450-0435	Other Improvements	84,488	-	84,488	-	-	0.00%
	<b>Engineering Services</b>	<b>400,338</b>	<b>226,057</b>	<b>386,037</b>	<b>281,456</b>	<b>55,399</b>	<b>24.51%</b>
011-400-03101-0001	Road Salaries	52,764	53,341	53,341	53,213	(128)	-0.24%
011-400-03101-0100	Employee Benefits	19,585	22,592	22,592	25,209	2,617	11.58%
011-400-03101-0210	Dues & Subscriptions	582	300	300	300	-	0.00%
011-400-03101-0212	Conferences & Training	-	100	500	500	400	400.00%
011-400-03101-0225	Contract Services	370	300	300	300	-	0.00%
011-400-03101-0251	Phone & Comm	1,265	1,200	3,500	3,500	2,300	191.67%
011-400-03101-0257	Refuse Disposal	454	550	550	550	-	0.00%
011-400-03101-0271	Gasoline & Vehicle Maint.	11,983	10,849	30,000	14,706	3,857	35.55%
011-400-03101-0361	Office Supplies	2,782	2,500	2,500	2,500	-	0.00%
011-400-03101-0435	Other Improvements	2,442	-	-	-	-	0.00%
	<b>Roadway Maintenance</b>	<b>92,227</b>	<b>91,732</b>	<b>113,583</b>	<b>100,778</b>	<b>9,046</b>	<b>9.88%</b>
011-400-06110-0001	Street/Sidewalk Salaries	233,702	242,151	242,151	252,362	10,211	4.22%
011-400-06110-0002	Overtime	3,038	2,500	2,500	5,000	2,500	100.00%
011-400-06110-0004	Temp/Seasonal Wages	13,560	12,480	12,480	12,480	-	0.00%
011-400-06110-0100	Employee Benefits	99,381	122,166	122,166	136,335	14,169	11.60%
011-400-06110-0271	Gasoline & Vehicle Maint.	128,237	118,566	118,566	132,839	14,073	11.87%
011-400-06110-0311	Operating Supplies	6,835	5,000	5,000	5,000	-	0.00%
011-400-06110-0313	Medical Supplies	-	100	100	100	-	0.00%
011-400-06110-0320	Uniforms & Protective Gear	682	500	500	500	-	0.00%
011-400-06110-0340	Roadway Maint. Supplies	34,670	28,000	28,000	28,000	-	0.00%
011-400-06110-0341	Sidewalk Maint. Supplies	12,274	20,000	20,000	20,000	-	0.00%
011-400-06110-0345	Building Materials	3,230	1,000	1,000	1,000	-	0.00%
011-400-06110-0600	Transfer to Equipment Replac	163,633	210,874	210,874	230,975	20,101	9.53%
	<b>Street/Sidewalk Mainten.</b>	<b>699,242</b>	<b>763,337</b>	<b>763,337</b>	<b>824,391</b>	<b>61,054</b>	<b>8.00%</b>
011-400-06115-0001	Traffic Salaries	65,522	67,652	67,652	67,901	249	0.37%
011-400-06115-0002	Overtime	290	2,500	2,500	2,500	-	0.00%
011-400-06115-0066	Injury Pay	-	-	-	-	-	0.00%
011-400-06115-0100	Employee Benefits	30,352	32,394	32,394	43,169	10,775	33.26%
011-400-06115-0251	Phone & Comm	368	438	438	480	42	9.59%
011-400-06115-0260	Rental - Equip & Facilities	1,705	1,800	1,800	1,815	15	0.83%
011-400-06115-0271	Gasoline & Vehicle Maint.	8,948	9,511	9,511	12,155	2,644	27.80%
011-400-06115-0275	Repair & Maint., Equipment	3,753	2,500	2,500	2,500	-	0.00%
011-400-06115-0311	Operating Supplies	31,625	10,000	10,000	25,000	15,000	150.00%
011-400-06115-0320	Uniform & Protective Gear	-	240	240	240	-	0.00%
011-400-06115-0345	Center Line Striping	25,153	-	-	10,000	10,000	100.00%
	<b>Traffic Control</b>	<b>167,736</b>	<b>127,035</b>	<b>127,035</b>	<b>165,760</b>	<b>38,725</b>	<b>30.48%</b>
011-400-06120-0002	Overtime	67,679	50,000	35,000	50,000	-	0.00%
011-400-06120-0280	Rental - Equip. & Facilities	19,920	1,000	1,000	1,000	-	0.00%
011-400-06120-0271	Gasoline & Vehicle Maint.	37,922	24,255	10,000	28,814	4,559	18.80%
011-400-06120-0311	Operating Supplies	7,181	5,000	2,500	5,000	-	0.00%
011-400-06120-0340	Roadway Maintenance	111,025	70,000	50,000	80,000	10,000	14.29%
011-400-06120-0350	Equipment Parts	534	1,500	100	1,500	-	0.00%
	<b>Snow Removal</b>	<b>244,271</b>	<b>151,755</b>	<b>98,600</b>	<b>166,314</b>	<b>14,559</b>	<b>9.59%</b>
011-400-06125-0254	Electricity	359,142	380,000	350,000	380,000	-	0.00%
011-400-06125-0255	Natural Gas	15,734	18,000	15,000	18,000	-	0.00%
011-400-06125-0275	Repair & Maint., Equipment	28,015	30,000	30,000	30,000	-	0.00%
	<b>Street Lighting</b>	<b>402,891</b>	<b>428,000</b>	<b>395,000</b>	<b>428,000</b>	<b>-</b>	<b>0.00%</b>
011-410-03320-0001	Street Cleaning Salaries	71,282	66,122	66,122	70,696	4,574	6.92%
011-410-03320-0002	Overtime	5,827	3,000	3,000	3,000	-	0.00%
011-410-03320-0003	Holiday Pay	-	1,402	1,402	1,402	-	0.00%
011-410-03320-0056	Injury Pay	64	-	-	-	-	0.00%
011-410-03320-0100	Employee Benefits	34,585	38,638	38,638	43,869	5,231	13.54%
011-410-03320-0225	Sweep Disposal	6,946	7,000	7,000	13,000	6,000	85.71%
011-410-03320-0251	Phone & Comm	420	438	438	480	42	9.59%
011-410-03320-0271	Gasoline & Vehicle Maint.	45,896	75,407	75,407	41,250	(34,157)	-45.30%
011-410-03320-0311	Operating Supplies	12,634	6,000	6,000	10,200	4,200	70.00%
011-410-03320-0320	Uniforms & Protective Gear	435	500	500	500	-	0.00%
	<b>Street Cleaning</b>	<b>178,089</b>	<b>198,507</b>	<b>198,507</b>	<b>184,397</b>	<b>(14,110)</b>	<b>-7.11%</b>

**CITY OF NEWPORT, RHODE ISLAND  
2006-2007 ADOPTED BUDGET  
GENERAL FUND EXPENDITURES**

<u>ACCT NUMBER</u>	<u>ACCOUNT NAME</u>	<u>2006 ACTUAL EXPEND</u>	<u>2006 ADOPTED BUDGET</u>	<u>2006 PROJECTED RESULTS</u>	<u>2007 ADOPTED BUDGET</u>	<u>Dollar Change</u>	<u>Percent Change</u>
011-410-03350-0001	Solid Waste Salaries	55,295	60,889	60,889	61,575	686	1.13%
011-410-03350-0002	Overtime	-	-	500	-	-	100.00%
011-410-03350-0056	Injury Pay	17,667	-	-	-	-	0.00%
011-410-03350-0004	Temp/Seasonal Wages	-	12,480	11,980	12,480	-	0.00%
011-410-03350-0100	Employee Benefits	12,129	15,155	15,155	25,170	10,015	66.08%
011-410-03350-0205	Copying & Binding	2,551	-	-	2,500	2,500	0.00%
011-410-03350-0210	Dues & Subscriptions	451	300	300	300	-	0.00%
011-410-03350-0212	Conferences & Training	403	100	600	500	400	400.00%
011-410-03350-0250	City Street/Park Barrels	183,072	180,707	180,707	191,456	10,749	5.95%
011-410-03350-0251	Phone & Comm	579	438	438	480	42	9.59%
011-410-03350-0253	Yard Waste Composting	98,325	104,784	104,784	124,568	19,784	18.88%
011-410-03350-0256	Refuse Collection	618,086	614,010	614,010	673,645	59,635	9.71%
011-410-03350-0257	Refuse Disposal	253,663	266,000	266,000	266,000	-	0.00%
011-410-03350-0258	Recycling - Collection	359,294	371,560	371,560	389,672	18,112	4.87%
011-410-03350-0260	Rental - Equip. & Facilities	3,500	3,500	3,500	3,500	-	0.00%
011-410-03350-0268	Mileage Reimb	50	-	-	-	-	0.00%
011-410-03350-0271	Gasoline & Vehicle Maint.	3,182	1,819	1,819	4,190	2,371	130.35%
011-410-03350-0288	Bulky Waste Disposal	39,464	35,675	35,675	43,826	8,151	22.85%
011-410-03350-XXXX	5-8 Unit Collection	-	39,000	39,000	39,000	-	0.00%
011-410-03350-0291	Downtown Litter Cleanup	21,073	21,719	21,719	22,858	1,139	5.24%
011-410-03350-0294	Household Hazardous Waste	2,240	-	-	-	-	0.00%
011-410-03350-0311	Operating Supplies	8,951	10,000	10,000	10,000	-	0.00%
011-410-03350-0320	Uniforms & Protective Gear	206	200	200	200	-	0.00%
011-410-03350-0361	Office Supplies	661	200	200	200	-	0.00%
011-410-03350-0374	Graffiti Mitigation	977	1,000	1,000	1,100	100	10.00%
	<b>Solid Waste Collect/Disp</b>	<b>1,885,619</b>	<b>1,739,536</b>	<b>1,740,036</b>	<b>1,873,220</b>	<b>133,684</b>	<b>7.69%</b>
<b>TOTAL PUBLIC WORKS</b>		<b>4,057,277</b>	<b>3,952,471</b>	<b>4,073,247</b>	<b>4,271,048</b>	<b>318,577</b>	<b>8.08%</b>
011-600-01440-0001	Bldg Insp Salaries	223,117	215,490	215,490	221,450	5,960	2.77%
011-600-01440-0002	Overtime	1,841	2,000	2,000	2,000	-	0.00%
011-600-01440-0004	Temp/Seasonal Wages	720	-	-	500	500	100.00%
011-600-01440-0100	Employee Benefits	67,359	96,413	96,413	84,303	(12,110)	-12.56%
011-600-01440-0207	Legal Advertising	-	-	-	400	400	100.00%
011-600-01440-0210	Dues & Subscriptions	635	600	600	807	207	34.50%
011-600-01440-0212	Conf. & Training	150	500	1,000	1,000	500	100.00%
011-600-01440-0251	Phones & Communication	3,758	1,920	1,920	1,920	-	0.00%
011-600-01440-0268	Mileage Reimbursement	4,714	4,500	4,500	5,913	1,413	31.40%
011-600-01440-0311	Operating Supplies	642	-	-	-	-	0.00%
011-600-01440-0320	Uniforms & Protective Gear	-	-	-	500	500	100.00%
011-600-01440-0361	Office Supplies	7,071	5,000	5,000	5,000	-	0.00%
	<b>Building Inspect Services</b>	<b>310,007</b>	<b>326,423</b>	<b>326,923</b>	<b>323,793</b>	<b>(2,630)</b>	<b>-0.81%</b>
011-600-03120-0001	Planning Salaries	173,500	220,486	220,486	234,710	14,224	6.45%
011-600-03120-0002	Overtime	4,941	2,300	2,300	2,300	-	0.00%
011-600-03120-0004	Temp/Seasonal Wages	14,413	16,000	16,000	16,000	-	0.00%
011-600-03120-0100	Employee Benefits	48,356	71,873	71,873	81,111	9,238	12.85%
011-600-03120-0205	Copying & Binding	2,320	2,000	2,000	2,000	-	0.00%
011-600-03120-0207	Legal Advertising	1,820	1,500	1,500	1,500	-	0.00%
011-600-03120-0210	Dues & Subscriptions	18,971	19,017	19,135	21,434	2,417	12.71%
011-600-03120-0212	Conf. & Training	85	100	600	1,500	1,400	1400.00%
011-600-03120-0225	Contract Services	1,088	1,200	1,100	1,200	-	0.00%
011-600-03120-0268	Mileage Reimb.	262	500	500	1,000	500	100.00%
011-600-03120-0271	Gasoline & Vehicle Maint.	7,510	7,680	8,560	9,605	1,945	25.39%
011-600-03120-0311	Operating Supplies	946	1,000	1,000	-	(1,000)	-100.00%
011-600-03120-0361	Office Supplies	15,852	12,000	11,982	12,982	982	8.18%
	<b>Planning Services</b>	<b>290,064</b>	<b>355,636</b>	<b>357,036</b>	<b>385,342</b>	<b>29,706</b>	<b>8.35%</b>
011-600-03121-0001	Zoning Salaries	143,418	141,977	141,977	147,106	5,129	3.61%
011-600-03121-0002	Overtime	108	-	500	250	250	0.00%
011-600-03121-0003	Holiday Pay	798	-	500	800	800	0.00%
011-600-03121-0004	Temp/Seasonal Wages	17,136	17,000	17,000	17,000	-	0.00%
011-600-03121-0100	Employee Benefits	51,213	56,881	56,881	64,365	7,484	13.16%
011-600-03121-0207	Legal Advertisement	17,989	15,000	15,000	15,750	750	5.00%
011-600-03121-0212	Conf. & Training	-	100	600	600	500	500.00%
011-600-03121-0225	Copier Contract	-	2,000	2,000	2,000	-	0.00%
011-600-03121-0225	Legal Process Expenses	8,985	8,500	8,500	12,100	3,600	42.35%
011-600-03121-0251	Phones & Communication	2,500	2,500	2,500	2,500	-	0.00%
011-600-03121-0268	Mileage Reimbursement	184	250	250	250	-	0.00%
011-600-03121-0311	Operating Supplies	1,186	1,700	1,700	1,700	-	0.00%
011-600-03121-0320	Uniforms & Protective Gear	134	200	200	250	50	25.00%
011-600-03121-0345	Building Materials	4,813	-	-	-	-	0.00%
011-600-03121-0361	Office Supplies	11,200	4,500	3,500	5,917	1,417	31.49%
011-600-03121-0424	Equipment >10,000	6,276	-	-	-	-	0.00%
011-600-03121-0851	Transfer to Equip Replacement	-	10,057	10,057	6,857	(3,200)	-31.82%
	<b>Zoning Enforcement</b>	<b>265,940</b>	<b>260,665</b>	<b>261,165</b>	<b>277,445</b>	<b>16,780</b>	<b>6.44%</b>

**CITY OF NEWPORT, RHODE ISLAND  
2006-2007 ADOPTED BUDGET  
GENERAL FUND EXPENDITURES**

<u>ACCT NUMBER</u>	<u>ACCOUNT NAME</u>	<u>2005 ACTUAL EXPEND</u>	<u>2006 ADOPTED BUDGET</u>	<u>2006 PROJECTED RESULTS</u>	<u>2007 ADOPTED BUDGET</u>	<u>Dollar Change</u>	<u>Percent Change</u>
011-600-03230-0001	Economic Dev Salaries	62,127	62,221	62,221	64,655	2,434	3.91%
011-600-03230-0100	Employee Benefits	7,785	10,872	10,872	11,233	361	3.32%
011-600-03230-0205	Copying & Binding	-	500	500	500	-	0.00%
011-600-03230-0207	Legal Advertisement	-	-	-	200	200	100.00%
011-600-03230-0210	Dues & Subscriptions	578	156	156	572	416	266.67%
011-600-03230-0212	Conf. & Training	-	100	100	500	400	400.00%
011-600-03230-0225	Contract Services	250	-	-	500	500	100.00%
011-600-03230-0238	Postage	201	200	200	200	-	0.00%
011-600-03230-0311	Operating Supplies	-	-	-	1,000	1,000	100.00%
011-600-03230-0361	Office Supplies	4,035	2,000	2,000	2,000	-	0.00%
	<b>Economic Development</b>	<b>74,976</b>	<b>76,049</b>	<b>76,049</b>	<b>81,380</b>	<b>5,311</b>	<b>6.98%</b>
<b>TOTAL PLANNING</b>		<b>940,987</b>	<b>1,018,773</b>	<b>1,021,173</b>	<b>1,067,940</b>	<b>49,167</b>	<b>4.83%</b>
011-700-03102-0001	Recreation Admin Salaries	113,468	121,712	121,712	125,682	3,970	3.26%
011-700-03102-0002	Overtime	82	-	-	-	-	0.00%
011-700-03102-0100	Employee Benefits	32,614	44,952	44,952	51,050	6,098	13.57%
011-700-03102-0205	Copying & Binding	-	200	200	200	-	0.00%
011-700-03102-0207	Legal Advertising	205	400	280	300	(100)	-25.00%
011-700-03102-0210	Dues & Subscriptions	575	500	720	600	100	20.00%
011-700-03102-0212	Conf. & Training	994	100	2,800	2,800	2,700	2700.00%
011-700-03102-0225	Contract Services	1,052	750	832	750	-	0.00%
011-700-03102-0239	Liability Insurance	75	112	112	112	-	0.00%
011-700-03102-0271	Gasoline & Vehicle Maint.	11,274	8,405	8,405	8,945	540	6.42%
011-700-03102-0275	Repair & Maint.	572	430	230	300	(130)	-30.23%
011-700-03102-0304	Heating Oil	1,300	800	800	600	(200)	-25.00%
011-700-03102-0311	Operating Supplies	457	400	300	400	-	0.00%
011-700-03102-0361	Copier Lease	-	4,500	4,918	4,600	100	2.22%
011-700-03102-0361	Office Supplies	8,640	500	500	700	200	40.00%
	<b>Recreation Admin</b>	<b>171,308</b>	<b>183,761</b>	<b>186,561</b>	<b>197,039</b>	<b>13,278</b>	<b>7.23%</b>
011-700-05102-0001	Beach Ops Salaries	15,394	-	-	-	-	0.00%
011-700-05102-0002	Overtime	95	-	-	-	-	0.00%
011-700-05102-0004	Temp/Seasonal Wages	6,505	6,000	6,000	4,000	(2,000)	-33.33%
011-700-05102-0100	Employee Benefits	6,464	-	15	-	-	0.00%
011-700-05102-0225	Security at Bailey's Beach	3,084	5,700	5,700	5,700	-	0.00%
011-700-05102-0260	Rental - Dumpster	543	600	600	625	25	4.17%
011-700-05102-0275	Repair & Maint., Property	180	200	200	200	-	0.00%
011-700-05102-0305	Household Supplies	-	300	300	300	-	0.00%
011-700-05102-0311	Operating Supplies	-	400	400	350	(50)	-12.50%
011-700-05102-0320	Uniforms & Protective Gear	-	50	50	50	-	0.00%
	<b>Beach Operations</b>	<b>32,245</b>	<b>13,250</b>	<b>13,265</b>	<b>11,225</b>	<b>(2,025)</b>	<b>-15.28%</b>
011-700-05104-0001	Grounds Maint Salaries	284,833	295,641	295,641	345,896	50,255	17.00%
011-700-05104-0002	Overtime	3,564	2,200	5,325	5,325	3,125	142.05%
011-700-05104-0004	Temp/Seasonal Wages	67,482	56,800	56,800	58,312	1,512	2.66%
011-700-05104-0056	Injury Pay	162	-	-	-	-	0.00%
011-700-05104-0100	Employee Benefits	120,037	146,309	146,309	162,038	15,729	10.75%
011-700-05104-0210	Dues & Subscriptions	217	230	230	230	-	0.00%
011-700-05104-0212	Conf. & Training	589	100	100	100	-	0.00%
011-700-05104-0225	Contract Services	35,100	35,100	35,100	45,100	10,000	28.49%
011-700-05104-0260	Rent - Porta Johns & Dumpster	17,580	16,000	16,000	16,000	-	0.00%
011-700-05104-0271	Gasoline & Vehicle Maint.	88,632	92,392	103,992	96,165	3,773	4.08%
011-700-05104-0275	Repair & Maint., Equipment	8,589	10,665	10,665	7,000	(3,665)	-34.36%
011-700-05104-0311	Operating Supplies	7,428	8,000	8,000	8,000	-	0.00%
011-700-05104-0320	Uniforms & Protective Gear	1,517	1,550	1,550	1,550	-	0.00%
011-700-05104-0330	Landscape Supplies	4,138	4,400	4,400	4,400	-	0.00%
011-700-05104-0335	Chemicals	1,135	1,172	1,172	1,172	-	0.00%
011-700-05104-0345	Building Materials	10,217	10,000	10,000	12,000	2,000	20.00%
011-700-05104-0350	Equipment Parts	5,780	5,650	5,650	5,650	-	0.00%
011-700-05104-0370	Mult Milt Supplies	17,320	16,500	16,500	20,000	3,500	21.21%
011-700-05104-0851	Transfer to Equip Replacemen	138,883	139,000	139,000	119,090	(19,910)	-14.32%
011-700-05104-0436	Park Improvements	3,340	-	-	-	-	0.00%
	<b>Grounds Maintenance</b>	<b>816,513</b>	<b>841,709</b>	<b>856,434</b>	<b>908,028</b>	<b>66,319</b>	<b>7.88%</b>
011-700-05109-0001	Urban Tree Salaries	119,822	133,621	133,621	103,487	(30,134)	-22.55%
011-700-05109-0002	Overtime	1,215	1,498	1,498	1,495	(3)	-0.20%
011-700-05109-0100	Employee Benefits	36,889	49,057	49,057	39,392	(9,665)	-19.70%
011-700-05109-0210	Dues & Subscriptions	435	645	645	640	(5)	-0.78%
011-700-05109-0271	Gasoline & Vehicle Maint.	13,346	21,480	21,480	14,143	(7,337)	-34.16%
011-700-05109-0275	Repair & Maint., Equipment	(3,619)	500	500	300	(200)	-40.00%
011-700-05109-0311	Operating Supplies	4,664	4,500	4,500	4,000	(500)	-11.11%
011-700-05109-0320	Uniforms & Protective Gear	482	500	500	500	-	0.00%
011-700-05109-0335	Chemicals	176	500	500	200	(300)	-60.00%
011-700-05109-0347	Grounds Maintenance Supplie:	-	1,740	1,740	1,500	(240)	-13.79%
011-700-05109-0350	Equipment Parts	582	600	600	300	(300)	-50.00%
	<b>Urban Tree Management</b>	<b>188,769</b>	<b>214,641</b>	<b>214,641</b>	<b>165,957</b>	<b>(48,684)</b>	<b>-22.68%</b>

CITY OF NEWPORT, RHODE ISLAND  
2006-2007 ADOPTED BUDGET  
GENERAL FUND EXPENDITURES

ACCT NUMBER	ACCOUNT NAME	2005 ACTUAL EXPEND	2006 ADOPTED BUDGET	2006 PROJECTED RESULTS	2007 ADOPTED BUDGET	Dollar Change	Percent Change
011-700-05121-0001	Recreation Salaries	122,026	125,586	125,586	130,255	4,669	3.72%
011-700-05121-0002	Overtime	3,642	6,125	3,000	5,500	(825)	-10.20%
011-700-05121-0004	Temp/Seasonal Wages	64,154	58,000	57,000	57,000	(1,000)	-1.72%
011-700-05121-0100	Employee Benefits	50,588	53,011	53,011	59,970	6,959	13.13%
011-700-05121-0205	Copying & Binding	1,871	1,000	1,000	1,800	800	80.00%
011-700-05121-0207	Legal Advertisement	355	-	-	400	400	100.00%
011-700-05121-0225	Contract Services	18,695	12,875	13,875	15,500	2,625	20.39%
011-700-05121-0239	Liability Insurance	1,547	2,305	2,305	2,305	-	0.00%
011-700-05121-0252	Water Charge	8,251	11,500	11,500	15,000	3,500	30.43%
011-700-05121-0254	Electricity	23,782	23,000	23,000	24,000	1,000	4.35%
011-700-05121-0255	Natural Gas	15,195	11,000	11,000	16,000	5,000	45.45%
011-700-05121-0260	Rental - Equip. & Facilities	10,317	12,500	12,500	12,500	-	0.00%
011-700-05121-0311	Operating Supplies	9,715	10,000	10,000	10,000	-	0.00%
011-700-05121-0320	Uniforms & Protective Gear	591	600	600	600	-	0.00%
011-700-05121-0334	Recreation Programs	36,857	33,000	33,000	33,000	-	0.00%
011-700-05121-0350	Equipment Parts	2,996	3,000	3,000	3,000	-	0.00%
011-700-05121-0361	Office Supplies	741	500	500	500	-	0.00%
	Recreation Activities	371,463	364,002	360,677	387,330	23,328	6.41%
TOTAL RECREATION AND PARKS		1,580,298	1,617,363	1,631,778	1,669,579	52,216	3.23%
Transfer to Capital Improvement Fund		2,496,000	3,277,000	2,577,000	3,710,217	433,217	13.22%
Transfer to Library Capital Account		-	-	-	50,000	50,000	100.00%
Transfer to School Capital Improvements Account		460,000	415,000	415,000	600,000	185,000	44.58%
Transfer to Easton's Beach Fund		-	-	-	300,000	300,000	100.00%
Transfer to Maritime Fund		-	-	-	50,000	50,000	100.00%
TOTAL GENERAL FUND		70,555,825	71,018,944	72,212,632	74,357,978	3,339,034	4.70%

**CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT**

**Docket No. 3818**

**Response to**

**Division of Public Utilities & Carriers' Data Requests**

**Set 1**

**Div. 1-22:** With regard to Unemployment Claims (line item 563), please provide the amount of the expense in each month for the most recent 12 months available.

**Response:** The actual unemployment claim expense in each of the most recent 12 months is as follows:

March 2006	\$0
April 2006	\$0
May 2006	\$0
June 2006	\$0
July 2006	\$0
August 2006	\$9,658
September 2006	\$1,756
October 2006	\$0
November 2006	\$0
December 2006	\$0
January 2007	\$0
February 2007	\$0

Prepared by: Helen de St. Jorre

**CITY OF NEWPORT- UTILITIES DIVISION - WATER DEPARTMENT**

**Docket No. 3818**

**Response to**

**Division of Public Utilities & Carriers' Data Requests**

**Set 1**

**Div. 1-23:** Please provide workpapers and supporting documentation showing the development of the requested contributions to the:

- a. Electricity-Restricted account
- b. Chemical-Restricted account.

**Response:**

a. Electricity Restricted account. Please see attached worksheets for electric usage for Administration, Source of Supply Island, Source of Supply Mainland, Station 1 treatment plant, Lawton Valley treatment plant, and transmission/ Distribution maintenance.

b. Chemical Restricted account. Please see the attached worksheets for chemical usage at Station 1 and Lawton Valley.

The City has estimated a 3% increase in chemical costs over FY07 unit prices (consistent with Consumer Price Index increases in previous years). Proposed quantities are based upon determining the maximum usage of each chemical over the previous 3 years.

Carbon changeout at Station 1 is based upon a current cost of \$36,000/filter bed with an assumed 3% increase for the rate year.

With the proposed changeover from lime to sodium hydroxide for pH control, the City's design engineer, CDM, has estimated the following quantities and unit costs for this chemical:

- Station 1 – 114,800 gals/year at \$0.70/gallon \$80,360
- Lawton Valley – 63,130 gals/year at \$0.70/gallon \$44,191

Copper Sulfate for account 15-500-2212-335 Source of Supply Island is based upon a FY07 unit price of \$1.65/lbs with an average usage of 28,000 lbs per year.

Prepared by: Ken Mason



Fiscal Year 2006

National Grid

Acct#	Description	2005 July	2005 August	2005 September	2005 October	2005 November	2005 December	2006 January	2006 February	2006 March	2006 April	2006 May	2006 June	AVG Month	Total
2200	Administration	\$422.87	\$387.90	\$338.86	\$314.49	\$462.32	\$692.80	\$602.50	\$724.38	\$651.59	\$425.75	\$315.16	\$362.26	\$475.07	\$5,700.88
2212	Supply Island	\$4,635.26	\$3,297.67	\$5,536.77	\$3,388.81	\$830.18	\$1,575.00	\$1,568.30	\$1,472.71	\$1,609.04	\$1,027.82	\$703.89	\$1,543.38	\$2,265.74	\$27,188.83
2213	Supply Mainland	\$0.00	\$563.91	\$17,195.84	\$17,714.77	\$1,883.30	\$2,426.78	\$2,928.87	\$2,940.00	\$3,354.38	\$2,930.12	\$2,197.36	\$1,802.70	\$4,661.50	\$55,938.03
2222	Station 1 treatment	\$0.00	\$14,279.51	\$15,300.22	\$11,812.14	\$13,004.56	\$13,748.65	\$13,852.60	\$11,759.49	\$12,817.08	\$13,067.64	\$13,833.45	\$14,813.84	\$12,357.43	\$148,289.18
2223	Lawton Valley	\$30,210.81	\$1,403.38	\$9,547.07	\$9,343.52	\$8,329.30	\$12,061.58	\$9,973.47	\$9,558.41	\$5,717.55	\$6,120.92	\$6,728.21	\$11,521.63	\$10,042.99	\$120,515.85
2241	Distribution	\$1,367.22	\$9,209.87	\$1,224.53	\$1,066.48	\$1,021.12	\$1,170.02	\$1,198.85	\$1,096.32	\$1,291.07	\$980.63	\$890.14	\$1,069.58	\$1,798.82	\$21,585.83
Totals		\$36,636.16	\$29,142.24	\$49,143.29	\$43,640.21	\$25,530.78	\$31,674.83	\$30,124.59	\$27,551.31	\$25,440.71	\$24,552.88	\$24,668.21	\$31,113.39	\$31,601.55	\$379,218.60

Rate Calculations					
		Docket 3675	FY06 expended	Proposed Rate year	Proposed Rate discussion
2200	Administration	\$7,202.00	\$5,700.88	\$6,270.00	Rate year based on 57,000 kwh @ \$0.11/kwh
2212	Supply Island	\$7,500.00	\$27,188.83	\$28,800.00	Includes Paradise and St Marys Pond pump stations Consumption calculated as 272,000 kwh @ \$0.106/kwh
2213	Supply Mainland	\$61,000.00	\$55,938.03	\$72,100.00	Assumes 60 day operation of Nonquit pump station. 648,000 kwh @ \$0.111/kwh
2222	Station 1 treatment	\$216,500.00	\$148,289.18	\$189,000.00	Wet weather conditions required significantly less pumping time to Lawton Valley. Normal conditions require 1,877,500 kwh @ \$0.106/kwh
2223	Lawton Valley	\$130,000.00	\$120,515.85	\$130,000.00	New pump station will go on line in 08 for plant residuals management. Required demand is 1,180,000 kwh @ \$0.106/kwh
2241	Distribution	\$12,000.00	\$21,585.83	\$22,900.00	Rate year based on 216,000 kwh @ \$0.106/kwh
Total		\$434,202.00	\$379,218.60	\$449,070.00	

City of Newport Water Department Docket No. 3818  
Div 1-23

Chemical Usage Station #1

FY 04	Sodium Chlorite	Alum	Chlorine	Fluoride	Polymer
July	8,538	37,233	5,560	1,527	100
August	9,514	46,103	5,790	1,522	100
September	9,891	39,119	4,740	1,291	150
October	8,034	30,874	3,890	1,370	50
November	6,468	28,000	4,250	1,495	100
December	5,194	22,907	3,690	1,546	100
January	4,752	27,853	3,630	2,102	100
February	3,771	28,769	3,590	2,062	100
March	5,019	30,316	3,840	2,200	150
April	5,974	33,626	4,150	2,183	150
May	7,566	30,440	4,270	1,649	100
June	8,444	35,743	4,430	1,602	150
<b>Total</b>	<b>83,165</b>	<b>390,983</b>	<b>51,830</b>	<b>20,549</b>	<b>1,350</b>

FY05					
July	11,578	43,961	6,380	1,720	150
August	10,087	43,108	6,070	1,598	100
September	9,672	40,554	7,490	1,535	100
October	7,945	44,296	6,960	1,937	150
November	4,142	29,867	5,540	1,620	150
December	3,105	33,458	4,430	1,884	100
January	3,236	35,872	3,870	2,044	150
February	2,824	32,967	3,650	1,917	110
March	3,072	29,597	3,640	2,058	165
April	4,212	26,644	4,260	1,878	110
May	4,355	29,533	5,250	1,713	165
June	5,060	30,137	5,250	1,716	165
<b>Total</b>	<b>69,288</b>	<b>419,994</b>	<b>62,790</b>	<b>21,620</b>	<b>1,615</b>

FY06					
July	7,165	44,707	5,640	1,872	100
August	9,013	48,346	5,860	1,869	200
September	7,862	31,536	5,054	1,528	50
October	7,786	17,597	4,670	1,414	105
November	7,193	14,488	4,240	1,411	110
December	3,652	19,182	3,170	1,431	110
January	3,299	15,697	2,790	1,294	55
February	2,899	12,679	1,995	1,160	110
March	3,032	15,742	2,320	1,322	55
April	4,208	25,591	3,090	771	110
May	5,905	35,840	4,070	1,039	110
June	8,338	30,548	4,920	1,024	110
<b>Total</b>	<b>70,352</b>	<b>311,953</b>	<b>47,819</b>	<b>16,135</b>	<b>1,225</b>

Docket 3675 quantities	93,334	340,433	56,750	17,894	1,300
Three year maximum usage	83,000	420,000	63,000	22,000	1,600
FY 07 unit price/lbs	\$0.69	\$0.14	\$0.45	\$0.39	\$5.31
Rate year unit price/lbs	\$0.73	\$0.15	\$0.46	\$0.40	\$5.47
Rate year total	\$60,590.00	\$61,320.00	\$28,980.00	\$8,800.00	\$8,752.00

Note: All chemical usages are indicated in pounds